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# West Europe Report

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23 August 1984

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## LENINIST FACTION OF LEFT SOCIALISTS DESERTS PARTY

Copenhagen INFORMATION in Danish 24 Jul 84 p 4

[Text] Defectors from VS [Left Socialist Party] are in the minority in the Joint Union List group. Most of the members of the faction want to stay in the party and take up the struggle there.

It does not look as if the departure of the super hard-liners from VS will lead to a serious drain on the party's membership list.

The majority of the Joint Union List faction are horrified at the thought of leaving the party. It is only the most dogmatic wing of the Leninist faction that has left the party with the intention of forming a new party called International Socialists.

Yesterday the Joint Union List's national committee issued a statement saying that 11 members have left the party in order to form a new organization.

"Joint Union List has not broken with VS. It is a small part of the faction's members who have left us and VS," the national leadership stressed.

The defecting group is led by executive committee member Jorgen Lund, steering committee member Charlie Lywood and a third prominent party member, Jason Meyler. They view their initiative as a historic necessity and one of their arguments is that VS has taken a turn to the right.

The group has announced a national meeting to found the new party on 4 August. This will show how many people from VS will follow suit. The Joint Union List sources with whom INFORMATION was in contact yesterday did not think it will involve more than a few people.

INFORMATION's sources agreed that the super hard-liners' departure from VS could pave the way for more constructive cooperation on the part of the party's different factions and those who do not belong to a faction. The group that is now leaving voluntarily has been strongly criticized for its working methods in the party and its behavior outside the party.

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## CHIRAC BOOK DEFINES VIEWS ON EUROPE, FRANCO-GERMAN TIES, EEC

Paris LE FIGARO MAGAZINE in French 26 May 84 pp 158-163

[Interview with RPR leader Jacques Chirac by Alain Berger; date and place not specified]

[Text] In his book "Oui a l'Europe" to be published next week by Figaro-Magazine-Albatros, Chirac defines his vision of Europe a few days before the 17 June vote. Here are some excerpts from the first part of that work.

[Question] The EEC is experiencing one of the most severe crises in its history. How do you analyze it?

[Answer] Today's EEC crisis should surprise no one. It is the logical consequence of a series of adverse factors which have tended towards a slackening of Community ties: first, the economic crisis--with its 12 million unemployed in the Community--has multiplied sources of social or financial tension, and sharpened antagonisms between member states. Moreover, the enlargement of the Community to nine and then to ten members makes it necessary to achieve a co-existence, within the same body, of countries with profoundly different structures, and it appreciably complicates a decision-making process already very ponderous. In addition, Europe has been subjected to multiple pressures, direct or indirect, by its partners who have sought to guard against a European competition considered dangerous, or to prevent creation of a firm internal market--in agricultural products, for example.

The real surprise is that in the face of such an impressive array of difficulties Europe has not burst apart, that it has withstood the shock, and that today no one talks of putting an end to an experiment of over 30 years' standing. That sturdiness under stress means the peoples of the old continent henceforth understand it is in the interest of each of them to be interdependent, and that they know they will better overcome the challenges facing them--demographic, economic, and military--if they strengthen their common action. That awareness of common interests must not, then, be allowed to melt away through petty individual quarrels, and the preconditions

for a new start must be created anew through an authentic political determination to move forward and build a Europe adapted, in all fields, to the requirements of our time. In the last few years that political will has conspicuously slackened. It should be possible to rekindle it. Failing that, the construction of Europe would inevitably be condemned to stagnation, and ultimately to decline.

Question Do you view the present functioning of its institutions as satisfactory?

Answer Community institutions obviously are not working satisfactorily. For example the Council of Europe, which includes the heads of state and government, involves itself more and more with questions normally within the competence of the Council of Ministers; for its part, the Council of Ministers finds it more and more difficult to reach common decisions; the Community bureaucracy constantly grows more ponderous, but without for all that gaining in effectiveness; the Assembly bears part of the responsibility for the increasing burden of expenditures, which is one of the most serious problems we were to solve.

The house must be put in order and, for example, the respective roles of the Council of Ministers and Council of Europe must be clarified. The first must fully assume the responsibilities conferred on it by the treaties, and must not pass on to the Council of Europe the task of reaching the most difficult compromises. For its part, the Council of Europe must be restored to its fundamental mission, which is to give the Community as a whole a political impetus both needed and lacking today. To that end I suggest a "permanent secretariat" of the Council of Europe be established and charged with preparing agendas. It should firmly exclude from them all questions which should be taken up and resolved exclusively at the Council of Ministers level. In like manner the Brussels bureaucracy must be lightened, and the Assembly led to exercise rationally its role of controlling common expenditures.

In my view, such a clarification of roles is the prerequisite for any successful revival in the building of Europe.

Question In view of the difficulties raised by Britain, some people have used the word "suspension," and you yourself have brought up the idea of a possible "dismissal" of the UK in the context of the common agricultural policy. Can you define your stand on this question?

Answer It cannot be accepted that one member of a club should claim the same advantages as the others without being subject to the same rules and the same fees. But that is exactly what is happening with the British. Through repeated concessions we have reached a deplorable situation which gravely endangers the very principles of European community building. The rule in fact is that each member state contributes to the Community certain resources--agricultural levies, customs duties, a percentage point of value

added tax--without troubling to know whether the corresponding expenditures are in balance country by country with the financial contribution of each, which is logical when each is a joint member of the same group. This rule is incompatible with what is called the theory of just return.

Yet the Community, at the instigation of the British, has started down that slippery slope. It has admitted that the difference between what the UK contributes to the common fund and what it draws out in terms of budgeted expenditures entitles it to certain financial compensations.

By so doing we have set a dangerous precedent. After Britain, which is not yet satisfied with what we offer, it is now Germany's turn to ask for a reduction of its contribution. And since there are no plans for raising, selectively, the contributions of those states which derive the most benefit from the Community budget--such as the Netherlands, Denmark, Italy, Greece, and Ireland--we are brought to a critical situation in which some no longer want to pay more than they receive, others still want to receive more than they pay, and France--which is in the middle because it puts into the Community about what it gets from it--is called upon, more and more, to assume the role of the first group in order to finance the advantages enjoyed by the second. This is an absurd situation whose outcome is to create a new injustice under the pretext of righting the wrong allegedly done to the British.

If Britain should persist in its exorbitant and unacceptable demands, it would thereby lay claim to an exceptional position in which it would benefit from all rights and advantages of membership in the Community without having to bear its obligations and costs--and that by far. More precisely, Britain could, for example, take advantage of subsidies under the common agricultural policy--which, I would point out, accounts for two-thirds of Community expenditures--while at the same time it would be wrongfully exempted from the corresponding financial costs. Having in mind such an unacceptable hypothesis, in law and in practice, I did speak of dismissal. I believe no one desires such an eventuality, which would have serious disadvantages both politically and technically. But I greatly fear that negotiations, as they have been conducted up till now, may result in an arrangement which would sanction the exceptional situation I was speaking of just now.

Question What reforms do you wish for in the common agricultural policy?

Answer We must deal fairly with the charges made against the common agricultural policy, not all of which are unbiased. The financial cost of that policy, which is often stressed, deserves to be seen in perspective. It should be borne in mind that the common agricultural policy is the most extensive of all joint policies instituted by the Community; that it bears the financial burden of other joint programs, such as tariff concessions; and that any agricultural policy is necessarily costly (the United States gives to the support of its agriculture a proportion of its GNP comparable to the European practice). The successes of the common agricultural policy are

unquestionable: a considerable development of agricultural production and trade, a rapid modernization of the system of production, increased security of food supplies in Europe, and a relative drop in agricultural prices. Today, however, the common agricultural policy's continued existence is threatened by its very successes, which have brought about surpluses; by monetary disorders for which it is not responsible, such as the creation of monetary compensation funds; and by the manifold distortions applied to the basic principles on which it was originally founded. The path to reform, for the common agricultural policy, lies through a return to those basic principles:

Unity of the market, which implies abolition of all obstacles to intra-European trade, in terms of sanitation regulations, for example, as well as elimination of monetary compensation funds. It must be clearly seen, however, that this latter objective can be attained only at the price of increased convergence of monetary policies, and hence of economic strategies;

Community preference, which implies application of a coherent trade policy, and a new effort to bring down production costs so as to bring European prices closer to those prevailing in major developed countries whose economic and climatic conditions are comparable, such as the United States and Canada;

Financial solidarity, which is the foundation on which rest common endeavors such as the agricultural policy.

Beyond a return to the basic principles of the common agricultural policy, Europe must have new ambitions for its agriculture, that is, a development strategy for the whole of its agro-industrial sector and its trade in foodstuffs. Thus it must provide itself with a dynamic export policy including long-term contracts, appropriate financing, and participation in the processing industries and market circuits of importing countries.

Europe must clearly assert its determination to regain its self-sufficiency in foodstuffs, which is not at present assured in terms of meat, of which 45 million tons are now imported yearly to the detriment of European stock farming. In truth, everything indicates the Community is transforming American soybean surpluses into dairy product surpluses, whereas it could itself produce a large part of the fodder resources it needs.

Production must be adapted to sales potential in domestic and foreign markets, which implies better protection of the European market from external competition in the case of certain products in short supply whose local production must be encouraged, like corn, protease crops, and oilseeds.

Question Some people recommend establishing a variable-geometry Europe, that is, one in which the number of associated partners would vary according to the projects or sectors of concerted action. What do you think of that?

/Answer/ Building Europe requires will and pragmatism: the will to move ahead, and the pragmatism to undertake useful and realistic courses of action.

To me it seems evident that some of those actions do not necessitate participation by all member states. This is particularly so in the case of advances to be made in scientific and technological research, industrial cooperation, arms manufacture, etc. That is indeed what is called variable geometry Europe, which seems necessary to me for several reasons. The first is that successive enlargements of the Community make participation in such projects by all member states more and more difficult. The second is that those projects, as is already the case, result quite naturally from agreements between certain states, or even between certain industrial enterprises. It must be clearly understood, however, that such flexibility and diversity in the division of labor is based on the free will of the states concerned, and hence cannot be extended to what I shall call the hard core of the Community.

/Question/ Must the Franco-German axis, in your view, be the favored axis for the building of Europe?

/Answer/ Nothing is possible in Europe without a permanent and confident understanding between France and the Federal Republic of Germany: the Elysee treaty signed by Konrad Adenauer and General de Gaulle in January 1963 does, after all, embody the principle of an active and constant cooperation between the two nations which proved extremely effective in the past, particularly at the time when those great decisions were made which constitute the essentials of the Community's attainments.

I do not, however, think we need speak of a "favored axis" insofar as that term may seem needlessly offensive to third parties. The building of Europe will have no future unless there exists a climate of confidence and cooperation among all member states without exception. But I think a close cooperation between Paris and Bonn is as useful now and will be as useful in the future as it was in the past.

/Question/ You have several times opposed the entry of Spain and Portugal into the Community "under present conditions." What conditions, in your view, must be fulfilled so that integration of those two countries will be beneficial to them as well as to Europe?

/Answer/ There is not the slightest doubt as to the political advantage of associating Spain and Portugal to the destiny of Europe. Everything possible must be done so that some day it will be possible to welcome the young Iberian democracies into the European Community and allow them to take their full part in the political life of Europe, and even in European defense.

My reservations on Community enlargement retain their full strength, however, when we put aside purely political questions and consider economic and fi-

nancial prospects. Under present conditions the membership of Spain and Portugal would present four types of risk: it would strike directly at the already very fragile equilibrium of southern agriculture, particularly in our country; it would reopen as issues certain established Community practices such as the distribution of fishing quotas; it would compromise the effectiveness of the Community's modes of action in relation to the wine or vegetable oil industries; lastly--and this is not a negligible factor--it would very appreciably increase financial costs payable by the Ten.

Thus not only are French interests directly at stake, but let us make no mistake: so also is the very future of the Community as a functioning entity. Given the present deterioration of Community climate, it would take uncommon temerity to imagine Europe could easily absorb such a massive dose of new problems, even if we are careful to relegate the thorniest among them to the end of a long period of transition. Our difficulties with Britain demonstrate how easy it is for a given state, once it has become a full member of the Community, to bring back into question commitments solemnly contracted.

As for me, I consider we must face up to the questions raised by Community enlargement. We have the right to respond to a political expectation without taking an economic risk. That is why I favor participation by Spain and Portugal in political cooperation, in consultations on defense matters, and in carrying out technological and industrial projects, but their full and formal membership.

Question Many Europeans have the feeling that only agricultural Europe is working well, and that it absorbs the bulk of Community funding, to the detriment of industry. Is that your feeling?

Answer The common agricultural policy is certainly a kingpin of the European structure as it exists today.

That is not exclusively because of the financial sums involved. On that subject it should be noted, moreover, that the relative proportion of expenditures by the "supports" section of the FEOGA European Agricultural Orientation and Support Fund to total Community credits decreased from 72.7 percent in 1979 to 63.2 percent in 1983.

The real reason for the importance of the common agricultural policy to Europe is that for the moment it is the most perfected form of Community solidarity. Its principles are well known: each member state undertakes to obtain its imported agricultural supplies by preference from other member states, and if it does not do so it consents to pay the price. I add that the Community's agencies (Commission and Council of Ministers) have their own very extensive powers in agricultural matters. We can even speak of surrender of sovereignty because certain decisions--for example, on fixing of agricultural prices--are mandatory for member states. It always surprises me to hear those who claim to be the most European reserve their criticisms for what is most European in Europe--that is, the agricultural policy!

But it would be incorrect to conclude that the common agricultural policy is the sole Community asset.

Historically, the Community was at first a customs union with a common external tariff. The Common Market thus became a reality for industry as well as agriculture. That freeing of trade, moreover, contributed powerfully to modernization of the member states' economies, and particularly to that of our own. Other community assets came later, such as the European Monetary System, which despite the lack of British and Greek participation is a precious element of monetary stability in today's disordered world.

As for the Yaounde and Lome agreements concluded with many developing countries, they have made it possible to implement an ambitious and often imaginative policy of cooperation. I am thinking, for example, of the Stabex and Sysmin systems of price stabilization applied to certain raw materials and tropical crops.

So even though it may be stalled, Europe does indeed exist: it is an agricultural, industrial, and commercial reality, and one perceived abroad as a effective type of solidarity. Tomorrow it will be necessary to develop new forms of community solidarities, but it is not by breaking up what already exists--and particularly the common agricultural policy--that that goal will be attained.

Question By what means can the Community's financial resources be increased?

Answer To launch new programs of action, additional resources are indispensable.

But we must beware lest the contraction of public spending we shall have to carry out at the national level be ruined by loss of control over the Community budget. Competitiveness applies not only as between European countries, for we must also take into account outside competition: that of the countries of North America and the Pacific, where the rate of collective charges is much below our own.

Management of Community finances must consequently be particularly economical, and controls must be strict. As at the national level, we must not put the cart before the horse by spending first and then looking for revenues. On the contrary, let us together define a maximum level of community levies, and only after that determine possible actions.

That being said, except for what I indicated in response to your question on Britain's contribution, I oppose any return to national contributions adjusted in terms of the interests of a particular country. Financing of the Community budget must be provided from particular sources, whether they be specific taxes like that found to be necessary to levy on imported fats, or a moderate rise in the maximum proportion of value-added taxes due the Community. But before any increase in resources, expenditures must be examined with great care, with the aim of reducing them. Every European state seeks to reduce public spending. The Brussels agencies must be firmly called upon to do likewise.

Question Has the monetary system, in your view, attained its dual objective of insuring relatively stable exchange rates within the Community and conducting effective action in the face of the dollar?

Answer For my part, I consider the restraints imposed by the European Monetary System have been beneficial and that we should continue to submit to them. Why? First, because the means made available to countries with weak currencies to defend themselves against speculation are very extensive within the EMS--tenfold more than they were during the pre-1979 monetary chaos. Secondly, because notwithstanding the persistence of certain monetary readjustments--including three devaluations of the franc since 1981--the EMS has remained a zone of least monetary turbulence in which internal modifications in currency relations have been clearly more limited than fluctuations vis-a-vis outside currencies like the dollar and yen. And finally, because the very existence of the EMS, and the need for negotiations at the Community level prior to realignments, have been powerful inducements to harmonization of economic policies. If France is making somewhat fewer mistakes now than in 1981-83, it is partly because European monetary solidarity has played its role.

Clearly the EMS has not by itself sufficed to discipline international monetary relations. Concerted action should be taken with the United States and Japan to reduce erratic and extreme movements affecting currency markets. But the SME's presence, from that standpoint, is more an asset than a hindrance.

Question There is often talk of an "independent European defense." Is this idea conceivable? Since the Germans are still forbidden nuclear arms, they feel their security depends above all on the United States, not on Europe. How could Germany be associated to such a defense?

Answer The overall security of western Europe is based on the Atlantic alliance, of which France remains a full member though it withdrew, at the will of General de Gaulle, from the integrated NATO military organization. That is why I wish to point out at once that there is no question of developing a "European defense" to serve as a sort of substitute for the Atlantic alliance. Such a project would be unrealistic. Our aim as European nations must be to find the means of providing western Europe with better guarantees of security, as regards both its "direct" security at its borders, and its "indirect" security--that is, the safeguarding of its vital interests beyond Europe.

What must we do in that context?

First of all, I think all initiatives tending to strengthen the Atlantic alliance must be approved. That is why I rejoiced at the deployment of Pershing and cruise missiles at various points in western Europe, for that proved American determination to take an effective part in European defense, and also because it was the only way to restore the balance of forces broken by the deployment of Soviet SS 20's targeted on European countries.



Moreover, it is important that the governments and military authorities of those European nations which are members of the integrated Atlantic alliance organization see to it that the imperatives of their security are broadly taken into account in the formulation of plans and in strategic or tactical choices which are responsibilities of that organization.

Secondly, since it is absolutely necessary for European nations to play a more active role in their own defense, they must devote a larger portion of their budgeted expenditures to qualitative and quantitative improvement of their defense capacities. That also applies to France, whose presently adopted programs, both conventional and nuclear, do not in my opinion meet the needs of the present or future situation.

Thirdly, I note that as a result of scientific and technological progress, research programs for future weapons systems, and manufacture of certain categories of armaments, are beyond the capacities of single countries. So I consider it indispensable to develop, among western European nations, studies for joint production of such weapons systems. That is a priority need.

Fourthly, it seems to me altogether natural and desirable that the defense ministries of western European nations members of the Atlantic alliance should proceed with exchanges of views and consultations on security problems. The format for such meetings matters little, so long as they are European in nature, it being fully understood, however, that we should act in a spirit of loyalty and confidence towards our American allies. I add that the provisions of the Elysee treaty of January 1983, which anticipate close concertation between France and the FRG on defense matters, should receive full and constant application.

Finally, it must not be forgotten that the nations of western Europe may in certain circumstances be obliged to act outside Europe, by land or sea, to protect their vital interests. Those among them having the capacity to do so would thus be well advised to provide themselves with the means to meet such situations with the needed effectiveness and speed, and to study the possibility of eventually combining their efforts, particularly in the matter of producing the types of materiel called for by such missions.

Question According to the polls, a majority of French people think the 17 June election will be a protest vote against the policy of the PS-PCF government. Is that your opinion, or do you consider that election as purely "European"?

Answer For several months everyone has applied himself to sorting out European considerations from internal political considerations in the voting motivations of French voters. I understand that preoccupation with analysis, but think we must go beyond a somewhat oversimple contrast. As for me, it seems that as soon as we put aside petty sectarian or politicians' quarrels--at the Community or domestic level--we are led to see the stakes of 17 June

as a single whole: on that day it will be up to the French to say whether they want to move ahead once more, whether they mean to give up illusions and false promises and regain their sense of reality, their taste for effort, and their respect for truth--in deeds as well as words. That is what is at stake, as much for France as for the entire Community.

I would say without hesitation that the present shortcomings of our country--ideological verbalism, indifference to a falling birthrate, weakness of investment, and refusal to make an adequate military effort--make up a sort of caricature of the Community's present shortcomings. Our problems are the same as those of other Europeans, though aggravated by the socio-communist experiment underway here. By voting for the opposition, our fellow citizens will register their will to turn the page and start France as well as Europe on a new path.

On that level--that of hope and not of politics--the stakes of 17 June are indivisible.

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## OPERATIONAL RENEWAL REPORTED IN PASOK, ND

## PASOK Move Toward Center

Athens MESIMVRINI in Greek 9 Jul 84 p 4

/Article by Khristos Pasalaris: "All roads lead to the Center"

/Text/ If words write history too, then the word "renewal" is the one that is being heard more often as the word "allagi" /change/ is losing the impact it had for the past 4 years or, if you will, the last 30 years when Plastiras made it a political call for the first time.

A renewal of people and programs is what "Nea Dimokratia" /New Democracy/ wants to win its way back to power. A renewal of internal balances is what PASOK wants so that it will not lose power prematurely, since it has not shown what it can do, as it says. And while during the Euroelections the tendencies of the two parties were clearly centrifugal, from 17 Jun on they are transformed into centripetal by the influence of the inexorable message of the popular vote.

And for the New Democracy, the hoisting of its sails toward the Central Sea does not present any particular problems, because even its right wing does not oppose such a hoisting. For PASOK, however, it means serious agitation, since the turn, no matter how quietly performed by its leader, will bring a dangerous list to the vessel and a great deal of perplexity to the crew.

## The New Model

However, the historic move has started! And if the enraged left of PASOK is beating hard on the packsaddle to hurt the donkey, it does not mean that the procedure will stop midstream. Those from Andreas' environment who have taken examinations on "catching in the air" his innermost thoughts, methodically are already working around the "new model" of the Movement, without asking for clear instructions and scripts. And these people are not of course Alevras or Mavros or Lazaros or Papatthemelis or other people originating from the center who were mentioned in the famous "revelation" of the "conspiracy" under the eyes of Karamanlis.

If you wish to identify them, all you have to do is look for them among those who do not talk too much, who do not make statements, who do not hold briefcases, who do not move around in the limelight, but who write an occasional article on "positions" and "ideas".

The funny thing is that articles of this kind are not written by the thoroughbred reporters who support PASOK. Two of the most indicative articles, before and after the elections, were written by Messrs Stratis and Kostopoulos. The first dealt with the "self-power" of PASOK when it refused any idea of an alliance with the KKE, and the second dealt with the need for PASOK to open up in the direction of the center area, so that the New Democracy would not beat them to it.

All this shows that both parties are maneuvering in their own way within the center area that does not have an owner. There is no doubt that they will meet somewhere. And that PASOK has no hope of holding its 600 to 800 thousand followers from the center, if the twin Karmanlis-Andreas breaks up and if it does not provide persuasive guarantees that it believes in the traditional democratic institutions and the western system of life.

The silent councilors of Andreas know something that many people do not. That if PASOK, or even the New Democracy, do not provide shelter in time for the large masses of the center that are torn between the two giants right now, some other enlightened democrats are moving vigorously and decisively to build a new democratic movement and to play a regulatory role in future developments.

Well, paraphrasing that arrogant boasting of the marxists "all roads lead to communism" that was changed to "all roads lead to the left" during our time, the present builders of policy insist with unshakable confidence that now "all roads lead to the center".

#### Reported Changes in ND Political Bureau

Athens MESIMVRINI in Greek 16 Jul 84 p 1

/Article by Alex. Velios and Katerini Daskalaki: "The Political Bureau with 4 New Officials"/

/Text/ While PASOK, shortcircuited in the vicious circle of the inexorable battle among factions, is showing its weakness every day as well as its inability to cope with specific decisions and specific problems that it has piled upon the country, the leadership of the ND /New Democracy/ is inaugurating a series of movements toward the direction of renewal and modernization of the party, in an effort to respond to the demands that bring together the total of the popular base.

According to confirmed information of MESIMVRINI, the expansion of the political bureau of the ND is a decision taken by Mr E. Averof and will be made definite during today's 6 p.m. meeting of the political bureau. Four more members will be added to the existing 7: Mssrs I. Varvitsiotis, M. Evert, Nikh. Papakonstantinou and St. Dimas. Because Mr Averof is leaving tomorrow for Strasbourg to attend the opening meeting of the Europarlament, the decision for expanding the political bureau will be announced officially after the leader's return to Athens.

This expansion already is creating some new balances in the ND, without perceptibly upsetting the old ones. That is why Mr Averof did not listen to proposals, even though he heard them favorably, suggesting that younger deputies or even worthy officials who are not in parliament be considered as members of the political bureau.

It is expected that this renewing tendency will be expressed in the honorable opposition with gradual expansion of all party instruments where wide duties will be undertaken by deputies and officials who were outstanding during the struggle against the PASOK/KKE regime. Besides, this is the clearest order from the total of the party base of ND.

Within these limits, special attention will be given to the ideological and organizational sector in an effort to modernize the structures as well as the political expression of the array, in view of the exceptionally critical 1985.

According to the same information, when all the procedures for the conduct of intraparty elections for the local officials of the ND are prepared, arrangements will begin for having a congress of the party, about the beginning of next year.

#### And a Journalistic War of Factions in PASOK

On the other side of the hill, the government array seems to be in absolute difficulty in solving the "hot" problems, since it is tossing about and wandering among "conspiracies" and ideological contrasts. The top officials of PASOK are engaged in mutual destruction with results that cannot be foreseen at the present time, while Mr Andreas Papandreou, on his part, with personal interventions and various "transfers" and "restructuring" is trying to control the situation and find solutions.

The last few days, Mr Tsokhatzopoulos is projected openly as the "dolphin" of PASOK, by strengthening his authority and jurisdiction. Already, it has been decided that he will control all the "technical" ministries (Public Works, Communications, YXOP), while the previously "promising" Mr Tritsis is drawing a lot of intense domestic fire, especially for the Athens regulations and the subject of the illegal construction that appear to have become his Achilles heel.

Mr Tritsis, together with the minister of Commerce, Mr Kedikoglou, are the expiatory victims of the matter, the ones who give the people the impression of a "cleansing" and will permit, perhaps, Mr Papandreou to at least try to persuade

that he is proceeding to take radical measures. For this purpose, the pro-government press was mobilized in the intraparty dispute, projecting "dolphins" and "failures" and portraying the climate of the intra-PASOK turmoil. It was not by chance that the two newspapers following the same politics did not hesitate yesterday to accuse Mr Tritsis of being responsible for the unfavorable climate that is predominant in the public opinion regarding the effectiveness of the government programs, while another newspaper commented that Mr Kedikoglou is hurting the government array with his policy.

The recent "demotion" of Mr Avgerinos that in some way follows the previous demotion of Mr Gennimatas (both belong to the so-called left wing of the party), coupled with the "promotion" of Mr Laliotis who it is believed will leave the ministry, but will assume wider duties within the party, are considered to be clear intentions of Mr Papandreou to place the developments under his personal control.

#### Changes Denied, ND Reorganization

Athens AKROPOLIS in Greek 17 Jul 84 p 1

/Text/ The ND systematically is engaging in intensifying its activities with the following targets. The reassurance of its orientation and the projection, with special emphasis, of its political nature as the only party that covers the center area. The processing and application in its entire program and its activities of the principles of radical liberalism. The processing, specification and application of this ideology in its program and its popularization.

This project was assigned to Mr Kanellopoulos who submitted an introductory report for the electoral results and for the new strategy and tactics that the ND must formulate up until the parliamentary elections.

#### "Irresponsible"

During the meeting of the political bureau, yesterday, Mr Averof described as irresponsible the publications yesterday in an afternoon newspaper that this staff instrument would be expanded with the participation of Messrs I. Varvitsiotis, S. Dimas, M. Evert and M. Papakonstantinou.

After the meeting of the ~~political bureau~~ that lasted for many hours, the following detailed announcement was issued:

Under the presidency of the leader of the ND, Mr Evangelos Averof, the political ~~bureau~~ of the party met and continued the discussion on the report containing the proposal of the member of the political bureau, Mr Athanasios Kanellopoulos. A wide exchange of views took place during the meeting that will continue after Mr Averof's return from abroad.

## The Measures

After the meeting, the leader of the "ND" stated that a series of measures will be taken in regards to the organization and renewal of the party, dealing with the ideological, within the limits of those elected from the congresses of principles, and with the program and strategy of the New Democracy.

Mr Averof added that already the application of the following measures will be started immediately:

1. The reassurance of the orientation and the emphatic projection of the political character of the New Democracy as the only party that covers the center area and the processing and application in the entire program and in the party's activities of the principles of Radical Liberalism.

The processing the specification, the application in the programmatic measures of this ideology and its popularization, that is connected with the progressive radical and center tradition of the country, has been assigned to a special unit headed by Mr Athan Kanellopoulos.

2. After it was confirmed that during the June elections, the New Democracy scored a significant victory that would have been even greater if the oppressive mechanism had not come into play together with violence and grants from the governing party and the defeat of PASOK was much greater, it is certain that the PASOK government has lost a significant party of its power.

## Structural Change

The change that has taken place is not a deterioration of the government. It is the result of a structural change that is due to the systematic and intense struggle of the New Democracy with the youth and its women's section up front and of course is also due to the characteristic failure of the governing party in all areas.

The introduced special work unit will continue the further examination of the results of the elections so that they may study a special confrontation of certain party interventions and methods that were noted during the elections.

3. The continuation, without rest, of the party activity, of the organizational effort and the briefing campaign during the entire period of the summer months. Our target is that during this period of time no village in Greece will be without the flag of the New Democracy, so that the party's power and the influence of the New Democracy will expand even further.

## In the Country

4. Special weight will be given to the briefing and following of problems in the agricultural sector and in the intensification during this entire period of visits by the deputies and officials of the party who will brief the leadership every month on their progress.

5. The continuation of the procedure of elections to vote for new nomarch committees and local organizations as well as their regulatory function in cooperation with the deputies of the party. The same measure will be applied also to OWNED /Youth Organization of the New Democracy/.

6. The modernization and renewal of means, organization, methods, technical operation of the party in the area of controlling government deeds and in the area of general activity so that the radical reform will be effected in the shortest possible time. The target is for the party to move with initiative, innovations, objectivity and the establishment of a new public morality in the political area that will bring about quickly not only a calm climate but also will undertake the effort of reconciliation of the Greek people that tends to split the policy of the governing party.

#### New Processing

7. The prepared program of the party, after the gathering of the proposals by special committees, will be submitted to a new processing so that it will correspond fully to present needs. The aim that is of basic importance is for the party to proceed as soon as possible to make an announcement of a political manifesto that will include specific measures and specific solutions in the order that the party deems the areas of activity without vagueness, generalities and disputable interpretations.

8. Seeking agreements for cooperation with related parties abroad on the basis of minimum mutual targets.

9. The complete manning of the briefing service so that it will be one of the basic units of the party.

10. The confrontation of the labor union problem for the stabilization in the country of labor unions that are free, independent and democratic.

For the success of what is announced, the president of the party will assign a specific project each time to the members of the political bureau.

During its next meeting, the political bureau will deal with the section of the proposal of Mr Kanellopoulos that deals with the strategy during the year of the elections and with subjects that are connected with these elections, such as the electoral system, the cross of preference, the replacement of ministers in those ministries that are critical for the elections with caretaker ministers, as well as the confrontation of the problem of party nomarchs and the problem of the control of television.



In Brussels

Today, Mr Averof is going to Brussels to participate in the congress of the European Popular Party in which the "ND" participates for the Europarlament.

During the congress that will last for three days, there will be elections for the presidency of the European Popular Party.

All the Eurodeputies of the "ND" will participate in this congress.

9346

CSO: 3521/317

## IRRITATION WITH U.S. OVER HANDLING OF KEFLAVIK SEA FREIGHT

## U.S. Position Criticized

Reykjavik MORGUNBLADID in Icelandic 15 Jul 84 p 24

[Editorial: "Sea Transport Between Iceland and the United States"]

[Text] A U.S. delegation, consisting of several officials, is currently in Iceland in order to discuss with Icelandic parties cargo shipping to and from the United States. This in itself is a reason to welcome the fact that at least U.S. authorities show enough desire to send their representatives here to find a solution to the matter. It should, however, be noted that already many discussions between Icelandic and U.S. authorities have taken place about the issue and the factual argumentation should be clear to all parties. With this in mind, we Icelanders must hope that the arrival of the U.S. delegation will expedite the handling of the matter and that it is not just a show in order to convince us that the matter is being seriously worked on.

Some experience has already been gained from the sailings of the U.S. freighter and the influence it has on the sailings of the Icelandic shipping lines. The conclusion is that the U.S. freighter takes everything it can handle which is probably close to 80 percent of the shipping needed since this shipping service started. It is undeniable that if this development continues, it will have a very negative effect on the sailings of Icelandic shipping lines on this sea route. It is obvious that these sailings will decrease considerably as the shipping lines will not be able to sail between countries with empty ships or with freight that yields little profit. It would be a serious loss if great reductions were to occur in our cargo shipping on this sea route. It is of enormous importance for us for general relations with the United States that communications between the countries be frequent. The handling of the shipping for the Defense Forces by the Icelandic shipping lines promotes satisfactory sea communications although a U.S. shipping company is involved. It is, however, a fact that we Icelanders have behind us great experience of knowing that we cannot base our communications with the rest of the world on the caprices of other nations that might terminate them without notice.

The Keflavik Base is not a private affair of the United States. The base is here because we Icelanders consider it a joint interest for us and the member states of the Atlantic Alliance to maintain defense here that we are unable

to provide ourselves because of our size. The United States has taken on these defenses. But in light of the joint interest involved, it is not unnatural that Icelanders be involved, among other things, in connection with transport to and from the base. And with reference to this joint interest, we are unable to agree to the priority privileges of U.S. parties under the cover of U.S. law.

Icelanders have not asked for privileges involving these transports. An American company handled this transport at one time but quit. We think it is only natural that we share equal rights with the Americans in this matter.

The U.S. Government spokesmen cite U.S. laws. It is not our responsibility to tell the Americans how to solve this matter on their homefront. It is, however, clear that the Icelandic government places heavy emphasis on the matter as can be best seen by the fact that Foreign Minister Geir Hallgrimsson has discussed it especially with both the U.S. Secretary of State and the U.S. Secretary of Defense.

U.S. authorities must realize that when such great emphasis is put on the matter by the Icelanders, it will become an obstacle on the road of normal relations between these two nations until a satisfactory solution that guarantees equal rights in this shipping has been found.

#### U.S. Delegation Purpose Questioned

Reykjavik MORGUNBLADID in Icelandic 19 Jul 84 p 24

[Editorial: "What Is the Purpose?"]

[Text] It is difficult to understand why the Americans sent a large delegation to Iceland to discuss with Icelandic parties the matter of shipping between Iceland and the United States. The U.S. views had been reported to Icelandic authorities and the U.S. ambassador has introduced these views so thoroughly that it cannot be improved. The Icelanders have made their position clearly known to the right parties. The delegation had nothing new of any importance to offer during its discussions here. Unfortunately, the fear held by many that this was for show only proved to have credence. With the situation as such, this issue causes friction in relations between Iceland and the United States and let us hope that this matter will be solved as soon as possible as it involves the joint interests of both nations.

9583

CSO: 3626/33

## POLL INDICATES ONLY SLIGHT DROP IN COALITION PARTIES' SUPPORT

Reykjavik MORGUNBLADID in Icelandic 2 Aug 84 p 48, 4

[Article: "Hagvangu Inc Opinion Poll: Government Opposition Gains Since April 1984"]

[Text] Only Independence Party and Women's List Have Greater Support Than in 1983 Elections

The opposition parties have improved their positions among the public since April to June of this year based on an opinion poll conducted by Hagvangu Inc, which is published in the paper today. The support of all the government opposition parties, however, except the Women's List, is less now than it was in the elections of April 1983. The greatest fluctuation occurred between the Independence Party and the People's Alliance. If only those who took a position are counted, support for the Independence Party dropped from 52.1 percent in April to 48.8 percent now and the support of the People's Alliance increased from 9.3 percent to 14.9 percent.

In the election in April 1983 the Independence Party [IP] received 38.7 percent of the votes and 23 seats; in this poll the party's proportion is 48.8 percent of the votes and the number of seats would be 29 according to that (31 in Hagvangu poll last April). Only the IP and the Women's List [WL] have had greater support than they received in the last parliamentary elections according to these polls conducted by Hagvangu Inc. According to the poll, the other government party, the Progressive Party [PP], now has the support of 14.7 percent of the voters and would receive 9 seats; the support of the party has dropped from 17.1 percent in April and one seat has been lost. In the election, the PP received the support of 18.5 percent of the voters and received 14 seats.

The People's Alliance [PA] has the support of 14.9 percent of the people polled (9 seats) but received 17.3 percent (10 seats) of the votes in the elections. The status of the Social Democratic Party [SDP] is almost

unchanged from one poll to another conducted by Hagvangur Inc with 6.4 percent (4 seats) but received 11.7 percent (6 seats) in the elections. The Social Democratic Alliance SDA has improved its position between the Hagvangur Inc polls from 3.7 percent (2 seats) in April to 6.2 percent (4 seats) now; the SDA received 7.3 percent (4 seats) in the elections. The support of the WL has dropped between the Hagvangur Inc polls and is now 8.1 percent (5 seats) and was 9.2 percent (6 seats) in April; the WL received 5.5 percent of the votes and 3 seats in the elections in April 1983.

If the figures from individual electoral districts are viewed, it is interesting that the IP has improved its position slightly outside Reykjavik from April but in the capital the support has dropped from 37.3 percent to 32.9 percent counting those who do not take a position.

#### Hagvangur Inc Poll Results: Parties' Support in July 1984

The Hagvangur Inc polling was conducted during the period from July 6 to July 18, 1984. The sample included 1,000 people nationwide and the questioning was conducted by telephone. The gross response percentage was 78 percent and 83.5 percent net. Participants in the poll were 18 and over and were picked at random from the National Registry by the University Computer Center with the permission of the Statistical Bureau of Iceland and the Computer Commission.

When asking about the support of the political parties, care was taken only to process the answers given by those who are 20 years old and older; that is, those who are eligible to vote based on the laws that were in effect during the last elections.

Question: "If parliamentary elections were to be held in the next few days, what political party or alliance are you most likely to vote for?"

Following are table that show how this question posed by Hagvangur Inc was answered. All the figures are proportional and as a base of reference for this current poll, the results of a comparable poll conducted by Hagvangur Inc in April 1984 and the election results from April 1983 are included where applicable.

1) If parliamentary elections were to be held in the next few days, what political party or alliance are you most likely to vote for?

	July 1984	April 1984
People's Alliance	10.4	6.3
Social Democratic Party	4.5	4.6
Social Democratic Alliance	4.3	2.5
Progressive Party	10.2	11.5
Women's List	5.7	6.2
Independence Party	34.1	35.3
Other	0.6	1.2
Refuse to answer	14.2	19.1
Don't know	16.0	13.3

	Reykjavik:		Other electoral districts:	
	<u>July 1984</u>	<u>April 1984</u>	<u>July 1984</u>	<u>April 1984</u>
People's Alliance	9.2	6.0	11.3	6.6
Social Democratic Party	4.2	6.0	4.6	3.7
Social Democratic Alliance	5.6	3.1	3.4	2.1
Progressive Party	5.0	5.0	14.2	15.9
Women's List	8.8	8.8	3.4	4.6
Independence Party	32.9	37.3	35.0	34.1
Other	0.4	2.2	0.8	0.6
Refuse to answer	16.2	18.5	12.6	19.0
Don't know	17.7	13.1	14.7	13.4

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2) If only those who took a position are counted, 62.5 percent of the people polled, the conclusions are as follows. In April 1984 67.6 percent did not take a position.

	<u>Poll in July 1984</u>	<u>Poll in April 1984</u>	<u>Election results in April 1983</u>
People's Alliance	14.9	9.3	17.3
Social Democratic Party	6.4	6.8	11.7
Social Democratic Alliance	6.2	3.7	7.3
Progressive Party	14.7	17.1	18.5
Women's List	8.1	9.2	5.5
Independence Party	48.8	52.1	38.7
Other	0.9	1.8	1.0

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3) If the seats are divided into parties in proportion with the number of votes, the results are as follows:

	<u>Poll in July 1984</u>	<u>Poll in April 1984</u>	<u>Current division</u>
People's Alliance	9	6	10
Social Democratic Party	4	4	6
Social Democratic Alliance	4	2	4
Progressive Party	9	10	14
Women's List	5	6	3
Independence Party	29	31	23
Other	0	1	0

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CSO: 3626/35

## COMMENTS ON LEADER'S PRESIDENTIAL CANDIDACIES

Lisbon O JORNAL in Portuguese 27 Jul-2 Aug 84 p 10

[Article by Jose Carlos de Vasconcelos: Presidential Elections: Options and Challenges"]

[Excerpts] 1. For many months the upcoming presidential elections have been the main topic of Portuguese political life. For some--at least for Mario Soares and Freitas do Amaral--for an even longer time that forthcoming selection of a new chief of state had been decisive for the positions they assumed.

I am trying to update that burning topic, since on the one hand, in recent weeks it once more became the subject of many news and no fewer speculations, and on the other, more and more in coming days it will be the developer of many lines of force of the national political reality (in the sense of a photographic laboratory).

#### The Candidacy of Mario Soares

2. The PS [Socialist Party] is the party with the fewest "problems" as far as the presidential elections are concerned. Its undeniable leader is Mario Soares, who completely dominates the party. The former minority, defeated, postponed or awaiting better days (not to speak of its small "converted" part) naturally has no alternative, taking it for granted that it would like to have one. Moreover, it is perfectly natural and logical that Mario Soares wants to be, or is, the candidate of his party and that it understand, surely with reason, that he is its best candidate.

On the other hand, many of those who within the PS believe that it would be a good thing if its secretary general would cease to have all the power he has and think that it could only be achieved by his rise to the Presidency of the Republic. It is in this light that there is talk sometimes about the "succession" of Mario Soares within the party.

I believe, however--say this within brackets--that this is an error. Soares in Belem will continue to "command" the party and define the essential lines of its orientation and actions with certainty, although without "direct" intervention in its day to day activities as is happening now. A possible change of the situation within the PS would not take place in that manner, if I judge correctly, because of a victory by Soares in the presidential elections; quite the contrary, although nothing guarantees that even with his failure there will be a change, just as it did not change (or if it changed it was not for the better) after the presidential elections of 1980.]

As for the position of Mario Soares as a probable candidate, I believe it is difficult and will not tend to improve unless there is an almost complete inversion of the present economic and political situation, with a substantial improvement in the living standards of the Portuguese, which I do not believe will happen. Thus, between two candidates, for example Firmino Miguel or Mota Amaral on one side (and even more if Freitas do Amaral were a candidate at the same time), and Maria de Lourdes Pintasilgo on the other, Soares would have a small chance of going into the second round. If he were to go--although the polls up to now published have him losing--even in such a case, whether with M. Amaral or L. Pintasilgo--his chances would already be much greater. Moreover, no one should underestimate, under any circumstances, the power of recovery of Soares, who have already demonstrated it several times (I am not now making any value judgement on the way he achieved it nor the means he used for such a purpose), using extraordinary political fieriness, relevancy and courage.

However, in view of the scant possibilities of winning, could there not be presented the hypothesis that the PS would present a common candidate with the PSD [Social Democratic Party], the so-called "equidistant", or present another candidate of its own? The first hypothesis appears to me almost impossible and is also contrary to a decision by the Congress. The second hypothesis does not appear to be more possible, including because the present prime minister, with the good image he always has of his performance and everything he leads, plus the optimism which characterizes him, would find it very difficult to accept that his chances of winning are very slim.

However, if such a thing were to happen, I believe that the PS could not fail to present one of its leaders as a candidate, or some "historical one" capable of obtaining the votes of the PC [Communist Party], which Soares will never obtain (Tito de Moraes), although he would lose them in the other areas; or some figure with the profile of Almeida Santos, who in some aspects surpasses the secretary general, whether it is because of the confidence he gives certain sectors, including the business sector, or because he is apparently more amenable to conciliation and dialogue.

Mota Amaral--or what Alternative?

3. Almost diametrically opposed to the PS is the PSD--precisely because it does not have an uncontested leader. Moreover, Mota Pinto does not have with him (if in fact he ever had) the majority of the party. Many believe that he has ceased to be the "lesser evil" that he was at a certain time. Thus, while the PSD has already also decided in its Congress that it must have its own candidate, a civilian and member of the party, its best candidate continues to be Mota Amaral, as polls demonstrate, and there is no indicator or tool that is surer, more objective and clearcut than the polls, although obviously those in poor positions or those who have their forecasts or desires denied by them, tend to downgrade them.

Mota Amaral lost speed with his false start before the Congress of Braga and with the reverse, although not absolute, he suffered there. Even so, however, he remains in front, including because a candidacy of Mota Pinto would be a complete



disaster for the PSD (and I doubt that anyone will think of it unless it is his intimate entourage or someone who wants to destroy it forever) and a candidacy such as that of Alberto Joao Jardim cannot be taken seriously. As far as a person such as Rui Machete is concerned, it does not yet seem to me to be within the realm of possibilities and that of Eurico would be good...for Soares. But is there no one who will think, in case Mota Amaral fails, of Pinto Balsamao?...

If it is admitted that parties do not always maintain their positions unchanged, then the scenario of a military candidacy shows up with great possibilities. In the article I quoted at the beginning, I already said that Firmino Miguel and Lemos Ferreira, the former much more than the latter, could be the natural candidates of the PSD, although nothing prevents them from being also from the CDS [Social Democratic Center Party].

What is now an apparent disadvantage, is instead a positive decisive factor because the plans for a Firmino Miguel candidacy are irrevocably linked, now or in time, to the plan for the creation of a new AD; if possible a new AD which enfolds the Soares-supporting PS--although this scenario is outside the consideration of Mario Soares, not only, certainly, because he would disdain it, but because he would only accept it if it were led by himself, Soares, and even so with the risk that he would not want to run, of splitting up the PS forever.

In that light, Firmino Miguel--active duty general with prestige in several sectors, deputy chief of staff of the army, former minister of defense, including in the first two Soares Administrations--would be the ideal candidate for the PSD. Other names, which are at times mentioned, the last of which is that of Antonio de Spínola, appear to me to be mere diversionary maneuvers in the case of the old marshal, because it is not believable that he would accept any candidacy.

New AD led by Freitas or Miguel?

4. Strangely, however, Firmino Miguel himself could also be the ideal candidate for the CDS, which more than anyone else is interested at this time in heading a process leading to a new AD [Democratic Alliance] with this or any other clear name. It was also basically to become the reserve of the conservative bloc and to be able to head the new AD mentioned in his "farewell letter," that Freitas de Amaral left the presidency of the CDS and active politics, because by remaining at the head of the Centrists, the smallest of the large parties, the former vice premier-minister would never have the chance of achieving that objective.

The truth, however, is that Freitas do Amaral has also lost speed. His withdrawal did not have the results he expected and if some enthusiastic group is preparing to launch his candidacy for Belem, he has not yet made a decision. It will not only be a matter of a tactical question, of timing for the launching, but of founded doubts on the chances for success. And since he is still quite new at this, he does not necessarily have to risk himself in 1985, he can decide on some other aspect, consonant with circumstances, particularly depending on who is the candidate of the PSD.

Of the same identical type would be the position of the leadership of the CDS, as can be seen also from the recent statements of Lucas Pires. Therefore, it would not be daring to forecast that the "centrists" do not want to advance with their candidate in the short term and that between the PSD and CDS may be seen in this area a sort of cat and mouse game in which the position of certain types of military men, of whom Firmino Miguel is only the most "obvious," will not be despised.

5. In the independent democratic area, which supported and has supported General Ramalho Eanes, all polls show that Maria de Lourdes Pintasilgo is by far the candidate preferred by the voters. Moreover, all the polls show that the prime minister of the last government of presidential initiative, and among other things, the present Councillor of Belem, as the candidate with the best chance of winning either in the first round or the second. The polls of the most prestigious companies, such as Marktest published in O JORNAL, and Norma, published in SEMANARIO, are unanimous in this respect. The same conclusion is also reached by the studies made by other institutions, such as the one published some time ago in EXPRESSO and the other one which it is said was recently ordered by Freitas do Amaral.

This is a concrete and objective fact, which has to be taken into account by whoever does not confuse his desires with reality, whether he likes or does not like the only Portuguese woman to belong to the Board of Directors of the UN University and the Interaction Council made up of former presidents of the republic and former heads of government. Moreover, the careful reading of several polls, particularly those we have mentioned here, make extremely interesting reading from which many conclusions and lessons on Portuguese political life must be drawn, as well as the image and popularity of several personalities and branches of government, and so forth. It is not the time, however, to go into some of these readings in depth.

In Theory, the "Eanist" Area Could Even Have Two Candidates

From the figures provided by the polls and from careful observation of political reality, four things, among others, if I am not wrong, can be concluded:

a) Of the potential voters for Lourdes Pintasilgo there will be a large part who support her only because of the conviction or presupposition that she will have the natural support of General Ramalho Eanes, to whose Political Committee she belonged in 1980 and to which she now even has an "official" connection. (Take note, however, that in our polls we always indicate no fewer than two other hypothetical candidates of the same area, who could enjoy the same support: Garcia dos Santos and Lucas Pires. In addition to them, there are others who some try to make believe could have that support--which we do not even consider thinkable--such as Mota Amaral and Firmino Miguel).

b) Of that voter potential there is another part, almost equal to the first, which will vote for her even without the support of Eanes or even if--always a mere hypothesis--he were to express himself in favor of another candidate (see the poll we will published in the next edition, noting that by specifying the name of the candidate hypothetically supported by Eanes--thus decreasing the influence of the person of the president of the republic himself--it could take always voters from her).

c) The voters for a candidacy of L. Pintasilgo and another supported by Eanes would be altogether more numerous than those for any other single candidacy regardless of which it may be, supported by the present president (read the same poll to be published in the next edition).

d) There is no candidate--Pintasilgo or any other--who even expressly supported by Eanes could garner the votes which he himself would receive by a long way (the only poll on this subject published here shows that Eanes voters would only vote for L. Pintasilgo without the express support of the president of the republic in the amount of 51 percent, and I believe that they would vote in an even smaller percentage for any other candidate. On the other hand, even with a hypothetical declared support, there will be many "Eanists" who would not vote for the former prime minister).

From this collection of conclusions, operating with premises now, other conclusions may be drawn in turn. One of them, which I believe has never been aired, is that in theory--and only in theory, I hope--the area which I heretofore described as independent democrats, who in 1980 participate in the CNARPE [National Committee for the Reelection of President Eanes], and others who have come into his camp in the meanwhile, could even present two candidates, either one or both of whom would have the possibilities of going into the second round, according to that same poll which shows it to be the one having the most votes.

6. It is a matter of--I repeat--a mere theory, almost absurd, because it does not seem practical to me that Eanes would support another candidate if Lourdes Pintasilgo joins in the race for Belem or that L. Pintasilgo would present herself as a candidate if Eanes were to oppose her and support another candidate. I pose it, specifically to show the very varied scenarios that are possible in matters of the presidential elections, on one hand, and on the other, to show that this area will be like a first test of the compatibility and cohesion (because of the diversity assumed) and even creativity of the new political force to arise as the result of the Abrantes meeting. This is the first step--and undoubtedly of the most difficult, if not even the most difficult.

Neither Military nor Pintasilgo: No Choice Made Yet

Even because of that, although not particularly because of that, I believe that it would make no sense for him to choose his candidate as of now or to exclude someone from his area of possibility of becoming one. It seems obvious to me--and now I speak also in the status, which I do not hide, of one of the boosters of that movement, the need for which I advocated for a long time--that the new political force must first be created and structured and only then that hot and necessarily controversial point should be debated.

Moreover, I must say that I am very surprised at what has appeared in the newspapers on this subject. So much so that neither in Abrantes nor in any other meeting that I know of, was the question of a profile even brought up and because of this much less the name of the possible candidate to be supported in the presidential elections. On the other hand, I am authorized by my very dear friend Herminio Martinho to say that the conclusions that some have been trying to draw from his alleged statements are not accurate; that the "Eanists" have already made a choice, which would be that of a military candidate.

It appears obvious, for the reasons mentioned, that the new political force aborning will not have any interest in going ahead with this question as of now, including at a time when the parties have not yet been formed. Later, and much more important still, it would not be democratic and would even be undemocratic to have already defined a profile, chosen some candidate or excluded others, when the movement is still in its infancy. While the new political force wants to distinguish itself, among many other things, by the level of participation it advocates and by the internal democracy it proposes, the opposite would be the complete violation of those values and a birth tainted by original sin.

Therefore, what has been said is false or inexact, specifically about the choice allegedly already made in favor of a (anyone) military candidate. It would also be false to say that a choice has been made in favor of a civilian, Lourdes Pintasilgo or another. In addition, with respect to the military men who have been mentioned, there has even been included in the role, and almost in the lead, someone who never even supported General Ramalho Eanes in 1980 and perhaps even discreetly supported General Soares Carneiro, which is a manifest absurdity.

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## SECURITY LAW IMPROVES SOARES' IMAGE

Lisbon EXPRESSO in Portuguese 21 Jul 84 p 5

[Text] If, in 1975, Vasco Goncalves, with the help of Alvaro Cunhal, had dared introduce this Security Law, Mario Soares would have conducted another demonstration in Fonte Luminosa and filled the Alameda; in 1984, however, not only was it Mario Soares who took the initiative of introducing the law, but those who were opposed to him, including the party of Alvaro Cunhal, were not able to get more than a few thousand persons to show up at Sao Bento.

To what can we attribute this absurdity?

Mainly the following: the different way in which Alvaro Cunhal and Mario Soares are viewed.

That is: many people think Alvaro Cunhal and his party could carry out the law to the letter and even inaugurate a new dictatorship; and few people think that Mario Soares and his government are capable of doing so.

Notice, however, that this is not only a matter of ideology--it is also a matter of temperament.

What is Cunhal's image?

It is that of a determined, persistent and obstinate man.

What is Soares' image?

That of a temporizing man, who wasn't capable of putting his own party in order and whose major defect is an excessive tendency toward compromise.

As a result, Alvaro Cunhal is usually attacked for what he does; Mario Soares, on the contrary, is habitually attacked for what he does not do--or, what is the same, for what he failed to do and should not have failed to do.

Soares knows this.

And, knowing this, he attempts periodically to adopt the role of tough guy: the strong, unyielding man who knows what he wants.

The initiative of introducing this Security Law bill is one of these periodic shows of toughness.

Which did not excessively alarm the nation because the Portuguese people know their prime minister well enough to know that he himself doesn't take these initiatives very seriously and that, as a general rule, he doesn't give them the necessary continuity.

But there were those--and with good reason, on the basis of principle--who were worried.

What is curious is that the criticism of Soares on such occasions always ends up, ironically, benefiting him--to the degree that it lends realism to his theatrical performances.

The secretary general of the PS [Socialist Party], in fact, has more reason today to be satisfied than to be upset by the attacks on the Internal Security Law.

Because the resulting image of him, at the end of this debate, is that of an implacable prime minister who even has some totalitarian leanings. Now, for a man usually criticized for his dawdling softness and lack of determination, it cannot be said that the result is bad.

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## EANES' SWEDISH INTERVIEW POINTS TO POLITICAL FUTURE

## Eanes Identifies with CNARPE

Lisbon DIARIO DE NOTICIAS in Portuguese 24 Jul 84 p 3

[Text] Eanes asserted on Swedish television that the promoters of the movement based upon CNARPE [National Committee to Support Reelection of President Eanes] have shown him the text of their manifesto, remarking that he is linked to the leaders of this group by "personal friendship and identity of ideological and programmatic points of view." Eanes further asserted that after 1985 he will pursue an active political career, giving up the status of "independent."

Continuation of an active political life is considered by Eanes as an obligation to pursue "with all the inherent risks and costs," and this career will not be followed as an "independent," the president of the republic remarked in an interview given Swedish television for a 1/2-hour program about Portugal and which was echoed by EL PAIS newspaper in Madrid yesterday.

Until yesterday evening DIARIO DE NOTICIAS had only a summary of the Eanes interview distributed by ANOP [AGENCIA NOTICIOSA PORTUGUESA] based upon the EL PAIS reproductions, but a Belem source confirmed for us the accuracy of the agency's dispatch.

Eanes, who may not run for a third term as president of the republic, asserted that he would prefer to resign from the office he has held for 8 years and would do so "if the 1974 revolution had met, if not all, at least the essential, promises that were then made to the Portuguese people." In Eanes' opinion, according to the transcription by the Spanish newspaper, that unfortunately is not happening and the present situation in Portugal is characterized by a political instability that is due "in part to the operation of the democratic system and its institutions and to the economic, social and cultural crisis that is shaking the Portuguese society, and this on the eve of the historic event that will be Portugal's entrance into the EEC."

The president of the republic acknowledges that there is a positive trend of the macroeconomic indicators, although achieved through deterioration of the living conditions of the Portuguese people through drastic reduction of domestic consumption, private and public, and especially the halting of investment.

Eanes rejects directly the arguments of those who see in the appearance of new political parties a danger for Portugal's political stability, explaining that "if the electorate is satisfied with the existing parties, new ones are condemned to failure, but if, on the contrary--and as seems to be the case with Portugal--there is discontent in relation to the existing parties and broad sectors of the population do not identify with any of them, it is legitimate, useful and desirable for the consolidation of the democratic regime that new political projects emerge."

#### Martinho Comments

Lisbon TEMPO in Portuguese 26 Jul 84 p 10

[Excerpts] The president of the republic has his own ways: without anyone being taken by surprise, he goes to a foreign country or receives a correspondent in his palace, gives an interview and suddenly all the dishes break, clipping the wings of the professional speculators. This time, the stage was a television station in Sweden, where Eanes warmed up the Scandinavian ice with unexpected and, of course, bombastic statements.

Herminio Martinho, the strongman of the New CNARPE, acknowledged to TEMPO that Eanes' statements "gave me satisfaction, personally."

It is not to be taken as a "green light" for the advance of the new party project, says our interlocutor, because "we have already shown that we were not waiting for the green light from the president of the republic to go ahead with a political project, one to which Gen Ramalho Eanes can give his indispensable support. What the words of the president of the republic mean to us is, rather, a considerable increase of responsibilities."

Also according to the words of Herminio Martinho, "it is natural that, for a large part of the persons involved in our project, if not for all, the position of the president of the republic assumes extraordinary importance and can be considered a stimulus to our work."

This work is developing according to plan. The basic text published in Abrantes on 30 June has been discussed in meetings being held throughout the country.

At these meetings, Herminio Martinho assures us, "never was any name of a presidential candidate ever discussed. In the first place, it is the political project that we are constructing. Only later will come the names, of either the candidate or the new party structure."

This thus demolishes the speculations that various newspapers have made about this or that military man to participate in the presidential race.

"In this phase," Herminio Martinho continues, "we cannot be bothered about names. Our project is far too important for us to be concerned with details that have nothing to do with the essence of the movement."

"Besides," our informant adds, "it is the persons who will have to adapt themselves to the project we are constructing, and not the project that must fit this or that personality."



Herminio Martinho went on to tell TEMPO that the name of the probable presidential candidate of the New CNARPE will not even be discussed at the movement's next national meeting, to be held at the end of September.

"Names, only after getting the project on its feet, which will not take place before the end of this year. Anything else is no more than mere personal positions or those of certain media groups."

In September a programmatic document, delineating the precise outlines of the new party, will be submitted to the movement's second national meeting.

Between now and then meetings will be held at the district level to discuss the basic text of Abrantes.

The next meeting will be in Elvas, on 4 August, with delegates from the districts of Evora and Portalegre.

According to Herminio Martinho, reactions to the basic text have "all been favorable" so far. "Without going into details or defining any broad outlines, the text is considered by all to be substantial support in the essence of its content."

With internal support and the express applause of General Eanes, it begins to be difficult to doubt the new party's viability.

#### 'Ambiguous' Situation Created

Lisbon DIARIO DE NOTICIAS in Portuguese 27 Jul 84 p 6

[Editorial: "News from Belem"]

[Excerpts] From time to time, news about Belem arrives from abroad. Newspapers, press agencies, television stations in the most faraway places are granted interviews with the president of the republic--always polemical--a privilege rarely granted to the Portuguese media and even then generally on incidental occasions.

This time it was Swedish television. Ramalho Eanes gave the interview, the Spanish daily EL PAIS reproduced some of the more significant excerpts and, based upon the latter source, ANOP distributed a summary. It was in this roundabout way that the Portuguese public learned about statements of undeniable importance and that concern them more than anyone else. It is regrettable, in fact, that whenever General Eanes thinks it is a good time to express himself about certain matters--especially those relating to his political future--he resorts to foreign media. Even if Belem had no formal request for an interview from the Portuguese press on its books, it must be acknowledged that the president did not lack opportunities if he wished, as would seem more appropriate, to reveal to his fellow citizens firsthand the topics that interest him.

The content of the interview is clearer and the discourse less elliptical than what the president has used on other occasions. His words, in fact, do not admit of two interpretations: in declaring that he will stay in active politics after 1985, that it will not be as an independent but rather in a party context,

and in proclaiming his "identity of programmatic and ideological points of view" with the promoters of the movement based upon CNARPE, Eanes indirectly urges the "operators" of Abrantes to establish the party spoken of so much, assuming, as he was requested, his position as unifying pole and tutelary figure.

What it really represents is a promise for 1985. Between now and then the Eanists, presumably formed into a party shortly after the end of summer, will have to contend with the somewhat annoying situation of having a leader and not having one, as it would be ethically unacceptable for the president of the republic to use his position in Belem to take the lead of a political party born in his shadow. Unless the somewhat bizarre hypothesis, although suggested recently, of Romalho Eanes' resigning before the end of his term comes to reveal some substance--which, however, is doubtful.

The president's public support of the Eanist movement is already enough, however, to create an ambiguous situation, although it cannot be classified as illegitimate. His position as chief of state, elected as an independent, certainly imposes some inhibitions upon him; but he cannot be deprived of the right to participate in politics, to assert his ideological preferences, or to express criticism when he considers it appropriate, at the risk of reducing the position to a mere rhetorical figure, as some sectors wish, or be denied his citizenship, which he does not give up simply because he lives in Belem. What is beyond doubt is that certain parties--and the PS [Socialist Party] in particular, given the concern it feels about the appearance of a competitor in its area--will continue to exploit the ambiguity of the situation now created, making day-by-day events less comfortable for the president himself.

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## JARDIM RESIGNATION SEEN POLITICAL MOVE

Lisbon TEMPO in Portuguese 26 Jul 84 pp 1, 40

[Text] Funchal--Alberto Joao Jardim, president of the Madeira Regional Government, submitted his resignation to Brig Gen Lino Miguel, minister of the republic, at about 1100 hours local time yesterday.

Joao Jardim, who has been chief executive of Madeira since March 1978, agreed, however, to remain as head of the government until 14 October, the date upon which regional elections will be held. In a communique broadcast by local radio and television stations at 2035 hours (2135 hours in Lisbon), Jardim explained the procedure as "a practice of democratic ethics in nations with parliamentary systems."

It is recalled the Joao Jardim's resignation occurred on the same day that the PSD [Social Democratic Party]/Madeira caused a lack of quorum at the plenary sessions, which were to have been held yesterday, of the Regional Assembly, and 8 days before presentation of a motion for vote of confidence by the UDP [Popular Democratic Union] in this regional body.

Yesterday the leader of the Madeira PSD parliamentary group, Crisostomo de Aguiar, told newsmen that he "cannot understand the reason for a motion of censure at a time such as this," referring to the proximity of the month of October, words that reinforced the belief that Jardim is thinking of repeating what he attempted to do 4 years ago: prepare the ground for an early electoral campaign with his eye on the regionals, without being accused of using his power to help his own party--the PSD/Madeira.

The assertions of Crisostomo de Aguiar were made, incidentally, during an unusual press conference called for a moment when deputies of the PCP, CDS [Social Democratic Center Party] and UDP were already in the Madeira Regional Assembly chamber for a meeting that was not going to take place.

"The coming elections must not be taken lightly," said Jardim in his speech last evening, later appealing for a massive participation by the Madeiran people in the October elections, "in a battle against abstention here in Madeira, which has been democratized and developed (...) without class differences or colonial subordination to Lisbon." And later: "Only the person with the soul of a slave is voting against autonomy for Madeira," he said.

Madeiran political circles view Jardim's stance in terms of a "coup of political theatrics," surely alluding to the policy of early campaigning so much to the regional leader's liking.

Joao Alberto Jardim was born on the island of Madeira 41 years ago and he is married. He has a law degree from the University of Coimbra. He was a professional journalist and director of the JORNAL DA MADEIRA, and was later named director of the Funchal Vocational Training Center. He was a professor of technical education and of private secondary education, and has been on the governing boards of several philanthropic institutions. He is one of the founders of the Social Democratic Party in Madeira, having been one of the managers of all election campaigns. He was a deputy in the Regional Assembly and leader of the Parliamentary Group, as well as a member of the Conference of Local and Regional Powers of the Council of Europe. He has been president of the Regional Government of Madeira since March 1978.

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## CDS SEEN NO LONGER AS FREITAS DO AMARAL'S PARTY

Lisbon EXPRESSO in Portuguese 21 Jul 84 pp 15-17R

[Article by Pedro d'Anunciacao: "CDS: The Past Is Long Since Gone"]

[Text] Ten years after its founding, the CDS [Social Democratic Center Party] already is not much like the party launched by Diogo Freitas do Amaral and Adelino Amaro da Costa on 19 July 1974. And the coming period should be decisive as to a possible definitive severing of its umbilical cord to its historic leader. In fact, several Centrist leaders think that if Freitas do Amaral is not a candidate for Belem in 1985 it would be very difficult later to convince the CDS to support him.

At the National Council meeting on 1 July the party took an important step toward becoming independent of its former president in establishing, as the final communiqué states, "the guiding criteria of its support for a presidential candidate."

This means that Freitas is no longer considered the "natural candidate" of the CDS. As one of the new Centrist leaders stressed to us, he will only obtain the party's support "through negotiations, through a contract." A contract that implies three fundamental conditions: having a program that is an alternative to the central bloc, accepting the economic revision of the Constitution and providing for early convening of legislative sessions.

## Unpredictable End to Radicalization of Positions

It remains to be seen whether, should Freitas do Amaral want to become a candidate rejecting such negotiation, he could convince the CDS to support him unconditionally. The opinion of a prominent figure of the parliamentary group is this would be very difficult. The same person contends that, in the event that positions become radicalized, the result of the next congress will be unpredictable, as occurred in February of last year. But Freitas would not be able to count on more than half of the delegates to the congress.

As a matter of fact, the CDS today is already quite different from that which defeated Luis Barbosa and the "Freitists" in 1983. New members have come to occupy prominent places, such as Nogueira de Brito, current leader in parliament. The secretary general is a man trusted by Lucas Pires. And the Governing Commission contains a vast group of collaborators who are nothing like the old Freitas do Amaral team.

Even so, one of the newer leaders of the party acknowledges that the former leader will be the party's most likely candidate, although adding the reservation: "If we choose a civilian..." It seems that the leaning toward a military man is becoming increasingly public, especially since Firmino Miguel announced the intention of being a candidate.

One point seems settled in the eyes of the Centrist leadership: the CDS will take a clear and definitive position about the presidential election in the next congress, which is expected for the end of the year, probably December. Prior to that, it is Freitas do Amaral that will have to take a stand.

#### Indecision of Freitas do Amaral

When Freitas left the Balsemao government and the presidency of his party he was already intending to prepare for the presidential race, positioning himself above parties and in the center. And he tried to gather about him not only the former electorate of the AD [Democratic Alliance] but also the more moderate ranks of the PS. However, the official announcement of candidacy has been successively postponed since June of last year.

Apparently Freitas do Amaral intended to launch this effort at the political conference he held in Porto last December, devoted to the memory of Sa Carneiro. The organizer of the conference was Azevedo Coutinho, who is likewise considered the major figure who was to further the pro-commission of candidacy launched officially on 26 May, also in Porto, through a press conference.

The chief booster of the initiative is now a former employee of the CDS local headquarters, Elidio Fernandes, who resigned from his party duties after Lucas Pires rose to leadership--and who is now free to handle matters for Freitas do Amaral in the North.

But the fact that the pro-commission has not been able to enlist important personalities--especially to the left of the CDS, notably in the PSD [Social Democratic Party]--would lead the former Centrist president to hesitate anew. And a survey he himself commissioned, revealing that his image is to the right of the CDS (hence with little chance of capturing the middle-of-the-road voters), contributed to increasing his apprehensions. Finally, the announcement of Firmino Miguel's candidacy, strengthening the supporters of a military man, caused Freitas to completely rethink his own position, withdrawing into a prudent silence.

It now remains for Freitas do Amaral to step forward in October, getting the jump on any other candidate of the Right (including military men) and responding to the aspirations of his supporters (bearing in mind the statements of members of the pro-commission published on page 1 of the last issue of EXPRESSO)--or, quite simply, to forget about Belém in 1985.

If he does step forward, he can benefit from the effects of an early announcement and, if he is willing to negotiate with the CDS the indicated conditions, he at least has guaranteed the support of that party.

If he decides not to step forward, there are still some possibilities of his being called upon at the last minute, should the other solutions fall through (notably the military alternative), and he would then appear in a stronger position vis-a-vis the CDS.

#### Centrists Support Military Candidate

But everything indicates that the Centrists will make every effort to prevent a situation of this type. And if, at the congress in December, Freitas is still not in the race, the most likely option would be for a military man. In fact, there are several leaders of the party, especially among the deputies, who express openly their preference for a military candidate. Specifically, the possibility of Firmino Miguel--who happens to be a personal friend of Lucas Pires--seems to be particularly well received.

According to the analysis made at the last meeting of the National Council of the CDS, there will be three possible scenarios in the coming presidential elections: in the first scenario there appears a candidate of the central bloc, against which they would have to have an alternative (possibly Freitas do Amaral); in a second scenario, each party would have its candidate (in which case a personality such as Sa Machado could be chosen); finally, the third possibility would be taking over the political position of the AD, which would have Mario Soares running for Belem against an Eanist (the possibility of Firmino entering here).

In any event, the current Centrist leaders would be especially interested in solving the problem without resorting to Freitas do Amaral--if only for the party to definitively cut its umbilical cord. All the more so, taking into consideration recent declarations of some leaders that the CDS is now in no hurry to come to power: its objective is to grow steadily and solidly.

"We will not be the government if we are not able to choose the prime minister," Lucas Pires asserted recently, adding: "We are not interested in returning to having three or four ministers in the governments of other parties."

#### Third Phase, Third Force

The Centrists now consider themselves to be what they call the "third force." The first force would have been that which governed the nation in the times of the PREC [expansion unknown]. The second force is the central bloc, which, in the view of the CDS, cultivates political freedom but maintains control of sectors such as the economy and information. The CDS would be preparing to constitute an alternative to these two groups. And, in internal terms, taking into account precisely this purpose, it has evolved into what could be called the "third phase" of the party's life.

Lucas Pires describes the evolution to this third phase, the path of the third force, in the following passage from an article published in the last issue of FOLHA CDS, the official organ of the Centrists:

'During the phase of the Communist Party's hegemony over the Portuguese Revolution, the CDS was virtually a resistance party, which the first congress of Porto demonstrated. During the subsequent phases of PS and PSD hegemony, the CDS was mainly

a party of reformist influence, critical conscience of the regime and upright participant in the government--an attitude carried out in practice in the PS/CDS and PSD/CDS/PPM [Popular Monarchist Party] agreements or the first constitutional revision. Now, however, a new period opens. It is the period when the PS/PSD hegemony attains at the same time the height of its power and the height of crisis. Now is the time for the CDS to take a new position--that of forming a positive and comprehensive alternative to both the communist bloc (the APU [United People's Alliance] and the new politico-militarists) and the socialist bloc (the PS with the PSD)."

The first phase of the CDS is thus that of the Congress of Porto, when the delegates had to resist the boycott by forces of the Left and the party was accused of representing the inheritors of the deposed regime. The second phase was begun with the Congress of Lisbon, where the agreement with the PS was prepared. The third congress, again in Porto, arranged the alliance with the PSD and the PPM, a preview of what 1 year later would come to be the AD. Lucas Pires, who had steadfastly opposed the alliance with the socialists, took the main role here, becoming vice president and revising the motion then approved. The fourth congress, after the death of Adelino Amaro da Costa, is a continuation. And the fifth, in February 1983, with the victory of Francisco Lucas Pires against Luis Barbosa, is that of the great change.

One then begins to speak of the CDS as no longer representing only the Christian Democrats but also conservatives and liberals. After a period when the party manifested its greatest hunger for power, now allying with the PS, then with the PSD, the new political leadership is choosing to be an alternative to the central bloc, even if this means spending long years in the opposition. "We will have no more agreements with the socialist forces," one of the newest Centrist leaders assures us.

But there are successes to satisfy the members. Besides the well-known increases in the interim local elections, the party demonstrates a pronounced capacity for mobilization in the commemorations of its 10th anniversary. (in the opinion of some, the greatest mobilizing capacity reached so far). And the parliamentary group, with predominance of the new deputies, has been involved in legislative initiatives in very important sectors.

#### 'Eanism Another Central Bloc'

What about Eanism? Despite the rumors about privileged relations between the president of the republic and Lucas Pires, a Centrist leader tells us without hesitation: "Eanism is only another form of central bloc, as its promoters have shown, in supporting social democracy and democratic socialism." And he explains: "An alliance with the new party, if it is formed, is out of the question."

But at the same time this leader feels that the Eanist party, if it emerges, will not be totally negative for the CDS: "According to well-known polls, Eanism would take hardly any voters away from the CDS, while it takes more than 30 percent of the PS, about 17 percent from the PSD and 29 percent from the APU. In diminishing the influence of the other parties, it increases that of the CDS, with the result that the five main parties have essentially the same electoral strength, about 20 percent for each."



For the present, the CDS will be growing (it is recalled that on the occasion of the previous congress, after Freitas do Amaral left it, polls gave them 7 percent of the electorate), thus justifying the confidence of its leaders. And it has the further advantage of being the only party to the right of the central bloc. It remains to be seen whether it can win the confidence of the Portuguese Right.

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## PS DEPUTIES VOTE AGAINST SECURITY LAW

Lisbon DIARIO DE NOTICIAS in Portuguese 27 Jul 84 p 28

[Text] Early this morning parliament approved in general the Internal Security and Civil Protection Law proposed by the government, after prolonged debate lasting many sessions.

The voting, which began 1/2 hour after midnight, was as expected, it coming as no surprise that some PS [Socialist Party] deputies voted against the measure.

Socialists voting against the proposal were Edmundo Pedro, Eurico de Figueiredo, Jose Leitao, Manuel Alegre, Margarida Marques, Sottomayor Cardia and Rui Pichiosi.

Those absent at the time of voting were Torres Couto and Laranjeira Vaz of the PS and Jaime Ramos, Bento Goncalves, Pereira Lopes, Pedro Pinto, Oliveira e Costa and Agostinho Branquinho of the PSD [Social Democratic Party]. Tito de Moraes, invoking the bylaws and his position as presiding officer, did not vote.

Thirty-five deputies (20 of the PSD and 15 of the PS) who voted for the proposal said they would make statements explaining their vote. Many deputies, in fact, voted in favor of the bill hoping that the specialized committee that will debate the text will introduce alterations that they recommended and that the government itself has conceded.

The total vote was 138 in favor, 79 opposed and 2 abstentions.

However, after the vote was taken, Antonio Taborda of the MDP [Portuguese Democratic Movement] raised a constitutional point according to which any law restricting the rights of the armed forces requires a two-thirds majority for passage. If this interpretation is correct, the law could be rejected.

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## EANISTS FORESEE MILITARY PRESIDENTIAL CANDIDACY

Lisbon EXPRESSO in Portuguese 21 Jul 84 pp 1, 20

[Text] The Eanist movement will choose a military man to run for president in 1985. According to information received by EXPRESSO, this candidate should be chosen by the end of this year in order to be officially launched in the presidential race in January 1985. By January the movement born in Abrantes last June is also likely to be institutionalized in the form of a party or, more probably, in the form of a political movement organized around this candidacy.

Having completely discarded the possibility of the movement led by Herminio Martinho supporting an eventual candidacy of Maria de Lourdes Pintasilgo--such as EXPRESSO announced firsthand--the choice will be made among military men, falling upon the one whose image comes closest to that of the current president of the republic and who, of course, receives Eanes' blessing. The names that at this moment are being considered as most likely possibilities are those of Brig Gen Loureiro dos Santos and of Col Rocha Vieira, military men who have maintained close relations with Gen Ramalho Eanes throughout the course of the politico-military controversy.

Loureiro dos Santos was Mota Pinto's minister of defense when the prime minister of the Fourth Constitutional Government was very close to Eanes. Previously he had been deputy chief of the Armed Forces General Staff. Six years ago, when the first attempt to form a presidential party endorsed by Eanes was made, Loureiro dos Santos was the president's envoy to the meetings at Rio Maior that were then preparing to launch such a party.

Loureiro dos Santos is considered one of the officers with the best politico-strategic preparation, and those close to him assert that he would not reject the idea of being a candidate.

Rocha Vieira has emerged more recently among the names of the possible candidates, while the Garcia dos Santos possibility now seems less likely.

It is recalled that Herminio Martinho, when he lunched with EXPRESSO last week, virtually brushed aside the possibility that the candidate chosen by his movement would be a civilian. At that time the leader of the new Eanist movement asserted specifically that it would have been "good and desirable" if the next electoral campaign were to be waged between civilians, but that "under current conditions

this will not be possible." On the same occasion, Herminio Martinho asserted to EXPRESSO that none of the names that currently figure in the polls as potential candidates correspond to the intentions of his movement.

## BRIEFS

POLL ON FREITAS DO AMARAL--The results of an opinion poll on the 1985 presidential elections recently commissioned by Prof Freitas do Amaral appear to be rather discouraging for the long-time president of the CDS. The poll in effect has shown Maria de Lurdes Pintasilgo to be the leading choice of prospective voters, with the names of Freitas do Amaral and Mario Soares following at some distance but relatively close to each other. The most negative aspect for Freitas do Amaral's hopes, however, seems to be the one concerning his prospective base of support. The notion, widely held until just a short while ago, that Freitas do Amaral would be supported by a broad band of the electorate to the left of the CDS turned out to be baseless. On a scale of 0-10, from the far left to the far right, Freitas do Amaral came in at about 8, while the CDS turned up at around 6. [Text] [Lisbon TEMPO in Portuguese 5 Jul 84 p 38] 12430

GROUP FOR PINTASILGO CANDIDACY--Ten persons of Santarem have organized as a group supporting the possible candidacy of Maria de Lurdes Pintasilgo for president of the republic and are beginning to send to various points of the country a document urging that other groups be organized to take a position about presidential hopefuls and that a movement be established supporting the prime minister of the Fifth Constitutional Government. The above-mentioned group, however, does not have any connection to the erstwhile CNARPE [National Committee to Support Reelection of President Eanes] with headquarters in that city on the banks of the Tagus River, which has not yet taken (nor is likely to take, in the short run) any position about the candidate it will support in the presidential election, according to a member contacted by us. MAD [Movement for Study of Democracy] will also not be a part of the movement, O JORNAL also learned. At a recent press conference, it will be recalled, MAD declared that "it would not be used as a launching pad for anyone's candidacy for president," as Lurdes Pintasilgo herself emphasized at the plenary session of the movement held in Porto. [Excerpt] [Lisbon O JORNAL in Portuguese 20-26 Jul 84 p 6] 8834

CSO: 3542/91

## INONU ASSESSES TURKISH DEMOCRACY AFTER SODEP CONGRESS

Istanbul CUMHURİYET in Turkish 10 Jul 84 pp 1,7

[Interview with Erdal Inonu, chairman of SODEP, by Erbil Tusalp; on 8 Aug 84 at SODEP party headquarters in Ankara]

[Text] The final hours of the first party convention of the new era ... The 885 delegates at the three-day SODEP Convention are still busy voting ... It is 7:30 pm on Sunday, and SODEP Chairman Erdal Inonu, sitting at his office at the party headquarters, makes his first overall assessment of the convention, exclusive to CUMHURİYET. According to Inonu, "there is a reluctance to make full use of all the freedoms and democratic means made available by the Constitution." "That is why", Inonu explains, he had labelled the present period as "the period of reclaiming democracy". He adds: "In order to progress in the struggle for democracy it is necessary to pass through various stages along the path". As for the general mood at the convention, Inonu depicts it as "an indication of having missed politics."

The SODEP chairman, now that he is "elected" at the convention, responded to our questions in the following way:

[Question] In the convention communiqué it is stated that Turkey's number one problem is transition to democracy. What do you see as the difficulties of the transition period?

[Answer] This is not a new idea. I am trying to portray our situation (that we have been living through for some time) as one of trying to reclaim democracy. A good deal of our problems have a common origin: There is a reluctance to make full use of the freedoms, possibilities, and democratic means made available by the Constitution. One example of this has been TRT's (Turkish Radio and TV Administration) treatment of the second largest political party as if it did not exist. But I am pleased to see that this problem has been overcome, and that has been quite a surprise. There are similar instances of various pressures and intolerant attitudes displayed toward our party. Again, this is something that our party is concerned with.

Apart from that, you are aware of what is going on in the press. People are reluctant to express their views. There are some criticisms here and there which reach us from time to time. Their main theme is that we are not providing tough opposition. We observe that there is a reluctance to voice opinions. There is a feeling that the time has come to start making full use of the democratic means, coupled with the realisation that not everyone is cognisant of this. In tune with this feeling, I have labelled these times as the period of "reclaiming democracy." Some of our friends prefer to call it "the period of transition to democracy." This is explained in a larger sense and in a more concrete manner in the convention communiqué. We want to see certain legislative changes, and to see the freedoms granted by the Constitution brought to working order as part and parcel of our efforts to bring about the transition to democracy.

[Question] Your 'reclaiming democracy' approach has been understood to reclaim it with its present institutions and has therefore been the object of criticism.

[Answer] Yes, I understand. I see it as one coming after the other though. They are not mutually exclusive. Under the present difficult conditions, we should all be working together so as not to stray too far from the Western democratic forms existing today. I am saying that we are reclaiming democracy. Just as I clearly stated what is it we are reclaiming, I also maintain that we have to use all the means available within the constitutional order. This was my original statement. I still stick to it.

The road to democracy entails a struggle, and it requires passing through certain stages. We will certainly have to make some sacrifices.

[Question] The communiqué states that "it is erroneous to think that our people will make do with a social regime that is regressive compared to the rights and freedoms enjoyed by the peoples of the Western countries." How do you evaluate that?

[Answer] What the communiqué says is this: We will attain these values found in the West, sooner or later. "It is a mistaken view to think it impossible or wrong for the Turkish people to attain them" says the communiqué. I have explicitly stated what I will be doing. The communiqué, on the other hand, refers to general aims and demands, like all communiqués. It is a limited account of what is envisioned for the future. It is a statement of what is perceived as being within the realm of possibility, within the range of overall strategy. I do not see any contradictions here.

[Question] In one section of the communiqué you say that the social democrat parties in Turkey have an important role in salvaging democracy and keeping it alive. Is this a criticism aimed at pre-12 September social democrat parties?

[Answer] I think you are forcing the issue. The convention communiqué looks to the future.

## Auspicious Beginning

[Question] The concrete policy entailed in the HP merger received an extended mandate at the convention. Uniting with all social democrats was accepted as a principle.

[Answer] This is a very auspicious beginning. HP reacted favorably, too. This means that the new executive will have to finalise this issue, doing all it can. I cannot say anything about the procedure to be followed, because the steering committee has not convened yet. The reason for not dealing with the HP specifically, and for taking the matter at a more general level is this: Our friends have issued a very extensive mandate. It is quite clear that there is great public demand for it. If you are thinking of a third political party, I see another problem there. It is not yet clear who is to be addressed on that issue.

[Question] Do you have a date in mind for the party regulations convention?

[Answer] It won't be proper to say anything without conferring with the executive organs. Public opinion seems inclined to a party regulations convention. I am not against it either. The party needs a change of this nature.

## Silence

[Question] The communiqué refers to the "silence at the Assembly". How do you explain the silence?

[Answer] I see the results of local elections as largely responsible for that. Frankly I don't want to engage in this matter repeatedly. It won't be proper to answer such a question while looking forward to holding talks with the HP in a positive mood. Therefore it is best not to offer any comment, and rest content with what the communiqué has to say on the subject.

## Missing Politics

[Question] Throughout the convention issues like democracy and human rights received large attention and created a certain excitement.

[Answer] This is, in some measure, an indication of having missed politics. When was the last convention held? Was it November 1979? This is the first convention in five years. This has given rise to feelings of longing. It is an indication of loyalty to democracy.

[Question] Has the political non-involvement of unions and associations reduced the level of excitement at the convention somewhat?

[Answer] Social democrat parties are traditionally expected to have close relations with such organisations like the unions and associations. However, under the present constitution this is impossible. With the increase in participation, excitement may also increase. Well, it is not entirely correct

to say that either, since there has been a number of exciting speeches during the convention. If you mean to say larger participation, that is admittedly a problem at the present. But this is the situation as required by the current legal system.

[Question] Do you wish to say something to those delegates who did not vote for you?

[Answer] It is quite natural not to vote for me. I will not say anything to those friends who did not vote for me.

[Question] You did not want to leave the party's founders out of the executive bodies. And to some extent you wanted to bring the dynamic wing of the grassroots to the executive. This two-sided approach confounded the delegates and numerous slates began sprouting up subsequently. Do you view this as a democratic tendency towards participation, or as a rejection of your scenario?

#### No Factions

[Answer] There is no such thing as my scenario. There are those principles that I stated in my opening speech, that I declared to the press. The issue at hand is to bring the party's founders and the local organisations together, and to erect a dynamic structure that bridges the party's past and its future. There was no manipulation as such. I explain the proliferation of slates as a race to serve the party. Naturally it is a race with a wide parameter. From the way the convention took place, and looking at the period preceding the convention stage by stage, and adding my observations of the delegates, all indicate that there is no factionalism as such. The convention has revealed that there is widespread opposition against factionalism. As you yourself have pointed out, there were 116 candidates on the main slate. It is not an easy task to pinpoint 40 of these. Some delegates may come together and say "lets select these candidates", which is quite natural. I have seen one or two slates prepared in this manner. My current impressions are that these are not groupings that may pose a threat as factionalist movements. It is hardly possible to avoid a certain amount of plurality. That might be possible under circumstances when a grand authority pronounces: "Votes should be cast for such and such candidates, no others should receive votes." Only then maybe there would be no other slates.

In a situation where 40 candidates are chosen out of 116, it is natural to see some groupings to emerge, but these are not necessarily factionalist movements that seem to create so much apprehension.

#### Ulus-Ozal

[Question] The excitement of the convention has made us forget about the developments on the political front. How do you regard the Ulus-Ozal controversy?



[Answer] In politics these are quite natural things. The Hon. Prime Minister has been saying for some time that "current problems have been caused by the policies of the previous government which had fuelled inflation". In a speech I made at the Ankara local convention, I remember saying that he was "trying to explain the current situation for which Uluşu and Kafaoglu are answerable." There were others who subsequently said things along similar lines. Hon. Uluşu was bound to respond sooner or later. Therefore, the fact that the controversy coincided with our convention does not hold any special significance for me.

12466

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## RELIGIOUS, OTHER ARGUMENTS FOR ARABIC INSTRUCTION IN SCHOOLS

Istanbul MILLI GAZETE in Turkish 31 Jul 84 pp 2,9

["Assessment" column by Sadik Ozarslan: "The Issue of Arabic"]

[Text] We read in the papers that the Arabic language is once again on the public agenda. At first, it was on the agenda as a privately instructed subject. Now it is on the agenda as a curriculum course. There are those who want Arabic to be introduced as an elective course in public schools. Then there are those who object to even the mention of the term; and there are those--again, according to the papers--who are simply furious. Ideas put forth by well-known circles are obvious. One must know and remember that in trying to resolve this problem, one will inevitably encounter such reactions. One must also not forget that this is the way with us: Some would like to see evil triumph over the good.

It is our opinion that those who have been manufacturing reactionarism for years and who have constantly upheld the stamp of regressivism are today in the claws of the reactionary mentality. Those who talk about new things and who have mobilized their children to learn foreign languages, curiously and strangely, think only in one way. Most of them think, with prejudice, that the [Arabic] language is the language of the birds. They are fascinated whenever they talk about the West, but if the East is mentioned they virtually lose their minds. The sight of those who sling mud on everyone on charges that they are obstructing progress and development is highly "exemplary." I do not know how one can explain the behavior of those who look for faults in others and do not see the sty in their own eyes.

Could not Arabic be viewed as at least a foreign language? There is no objection to English; there is no objection to German; there is no objection to French. No one raises an eyebrow in the case of these languages. On the contrary, there is admiration for these languages. There is even competition to learn them. The fact that those who have endorsed English, German or even French cannot come to terms with Arabic is thought-provoking and instructive. Had there been an Arab country where the French are today, you should see the clamor and noise that would ensue. Some would have stopped at neither language nor religion. A pretext would be found and an attack would be launched. But when a Westerner is mentioned, everything stops. We remain silent before the European. I repeat: Cannot Arabic be viewed in the same way? Is it not our right to expect this much tolerance and broad-mindedness from those who compete with each other to learn a Western language?

What is the reason for this antipathy and "reaction" against Arabic? In the past, too, newspapers published similar stories. Various organizations and institutions offered Arabic courses, and the papers reported them and focused on the extensive amount of interest. Then, the slightest objection was not heard--until the issue of Arabic classes [in public schools] was raised. That is when the "scientific" viewpoint emerged. Those who did not want Arabic and raised a clamor about it became prominent. Whether Arabic classes will be introduced in public schools or not, that is outside the powers of our pen. But we have the right to learn the following: Why is the objection to Arabic and not to some other language? Why is that we "want" other languages, but we do "not want" Arabic? We believe that this point should be clarified and that understanding this mentality is important. Is Arabic unpopular because it is the language of the Arabs, or is there some other reason? Is the animosity toward Arabic among some intellectuals a consequence of the drift away from the Kuran and Islam? Are those who do not want the teaching of Arabic afraid of the Kuran, or are they worried that the Kuran will be understood better? Meanwhile, the number of those who are saying, "I want to understand what my Kuran says" is rising every day.

Moreover, there is a rapprochement under way among the Islamic countries. There is a rapprochement and closeness in every respect. One of the means that bind nations together and that make them understand each other is language. The stature of Arabic in our culture needs no elaboration. I cannot understand why there should be objections to the teaching of Arabic side by side with English? A Muslim should speak at least two languages. For example, we must speak Arabic in addition to a Western language--not everyone, but at least most of us should. This is stipulated by the relations amongst Islamic countries. One would wish that the Arabs taught Turkish in their schools. Arabic must be learned. Class hours must be organized accordingly. The course load must be adjusted accordingly. The other day, I was talking to a teacher. His remarks caught my attention. He talked about Arabic and sadly complained that Arabic is not taught even schools training Muslim clergymen. He lamented about the absence of perfect Arabic-speakers even in divinity schools. This assessment should not be taken lightly. Particular attention must be paid to training schools for clergymen and their curricula. And if Arabic will be introduced, it must be introduced such that Arabic can be taught and learned in public schools.

It is also necessary to calculate what the debates on progressivism versus reactionarism is costing us. We must find out what we gain and what we lose. Reason must not be trampled over by folly. The meaning of opposing Arabic must be clarified and must be understood.

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## BACKGROUND ON MEMBERS OF SODEP STEERING COMMITTEE

Istanbul CUMHURIYET in Turkish 10 Jul 84 p 7

[Text] Turkan Akyol: One of the 'Eleven' of 12 September

Turkan Akyol is the daughter of a public official. Her father was Gen. (ret.) Rustu Pekdemir. She was born in Istanbul in 1928. She moved from one place to another like children of all bureaucratic families. By the time her mother died she had changed forty-six residences. Akyol recalls having received two schoolcards at two different cities within the same year. Until the lycée she attended different schools. She then became a boarder at the Erenkoy Lycée graduating in 1947. She completed her studies at Ankara University Medical School in 1953, and was appointed assistant professor. In 1955 she married Turan Akyol, a colleague in medicine and an assistant professor like herself. She was sent to the U.S. in 1959.

Akyol was brought into the first Erim government as a technocrat-minister, serving as the Minister of Health and Social Services. She resigned her post eight and a half months later alongside ten other ministers in an act of collective resignation known as the 'eleven ministers' affair, and returned to the university. She was elected to various posts and became rector of Ankara University. Her job was terminated when YOK (Higher Education Council) was established. She resigned as faculty member in order to become a founder member of SODEP. She was among the twenty-one who were vetoed.

Erhan Isil: A Committed Mulkiye Man, a Good Swimmer

Erhan Isil is known as a many-sided technocrat. An economics Ph.D., he worked as a technocrat at the Treasury for many years. Known also as an expert on energy, he served as Minister of Energy. During his tenure as board chairman of TPAO (Turkish Petroleum Corporation) he made his mark with efforts aimed at oil exploration. He established a prominence with his long speeches and persuasive qualities.

Isil is a committed Mulkiye (traditional name by which Ankara University Faculty of Political Science is known) man and a good swimmer. He ended a thirty-year long bureaucratic career while serving as board chairman of Anadolu Bank (which is owned by the Treasury). Working as an executive in the private sector for a while, he made a sudden decision to become a founder member of SODEP.

Suphi Karaman: 'Complaining of Factionalism'

Born in Bayburt in 1922. Attended military schools. He graduated from the War Academy in 1950 with classmate Necdet Urug, current chief of general staff. He joined the 27 May revolutionary movement. Prior to 27 May 1960 he worked at the Land Forces Command Personnel Office which is responsible for the appointments of generals and admirals. His predecessor at that position was Osman Koksai who then went on to become the commander of the presidential guard. The plotters thus were occupying key strategic posts. He was among the most vocal of the 'senators for life'. He worked together with Kamil Karavelioglu during the founding of SODEP (founded on 6 Jul 83). He founded the SODEP Ankara local branch on 5 Aug 83 serving as its chairman for ten months. During his tenure he has been complaining of factionalism. He is married, and father of four.

Kamer Genc: Voted Against the Constitution at the Consultative Assembly

Kamer Genc was born in Nazimiye, in the province of Tunceli, in 1940. Completing his university studies, he rose to become a prosecutor at the Office of the Ombudsman. He wrote a book on taxation. His fortunes soared after 12 September. The young politician appointed to the Consultative Assembly showed his talents there. Starting with constitutional issues, he elaborated his views "in no uncertain terms", registering his views when votes were taken. On two occasions he cast negative votes against the constitution. Narrating these instances to the delegates at the SODEP convention he received much applause. In his brief political career, he has been the only SODEP member to serve at the Consultative Assembly. At the convention his name appeared on all the slates after "an incredible lobbying effort."

Whether he would rise higher in the party hierarchy depends upon his own efforts to project his public image.

Cahit Angin: The Spokesman of the 'Furniture Dossier' Fame

Cahit Angin, born in Corum in 1929, started a law practice after finishing law school. Entering politics he became an RPP deputy from Corum serving two terms, having been elected at the 1965 and 1977 elections. As a deputy he became known for his painstaking work and researches. His performance as group spokesman during the 'furniture dossier' (a public scandal which involved S. Demirel, chairman of the now defunct JP) is still recalled and recounted by old politicians. Angin is married, and has two children. He will be resuming his political career, after a somewhat longish interval, on the SODEP steering committee.

**Tevfik Cavdar: Several Melons Under One Arm**

Tevfik Cavdar was born in Izmir in 1931. He is simultaneously an economist, statistician, writer, critic and SODEP Big Urban Centers Municipal Council member. Those who know him well maintain that he could easily carry a few more melons under his arm. Following his graduation from Istanbul University Economics Faculty he worked at the State Institute of Statistics for twenty years, and another five years at the State Planning Organisation (SPO) which brings his total in public service to twenty-five years. He has visited the U.S., Britain and other countries at different times for varying periods, where he has been engaged in professional training and research. During his tenure at the SPO he served as social planning consultant. He asked for his retirement in 8 Sep 80 as he was being pressurized into retirement.

Cavdar is married and the father of two daughters one of which is an engineer at a pulp and paper plant, and the other starting secondary school this year.

**Cahit Kulebi: From Turkish Linguistic Association to SODEP**

Born in Pertek, a village affiliated to Zile in the province of Tokat, in 1917. He grew up in Niksar, finishing secondary school and lycée in Sivas.

He then entered the Teachers Training school. Resumed military service in 1940. Served as instructor of literature and drama at the musical conservatory until 1943. He became an inspector at the Ministry of National Education in 1956, serving as inspector and cultural attaché abroad between the years 1956-60. In 1969 he became deputy under-secretary at the Ministry of Culture. From 1973 to 1983 he alternately served as director, official and, during the final session, secretary-general of the Turkish Linguistic Association.

**Kamil Karavelioglu: Former Member of the National Unity Committee**

Born in Akseki in 1927. After primary school he entered the military secondary school in Konya. Graduating from the War College he also completed his studies at the German Department at the Faculty of Linguistics, History and Geography in Ankara.

During the 27 May regime he was a member of the National Unity Committee (NUC). Until 12 Sep 80 he had been a 'senator for life', a member of the NUC group within the Senate.

After the ban on political parties was lifted he joined SODEP, serving in various capacities in the party. Now he is serving on the SODEP steering committee.

12466

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## SOCIALIST SPOKESMAN ON NEED FOR INTERCEPTORS

Vienna ARBEITER-ZEITUNG in German 6 Jul 84 p 5

[Text] "Today every DC 9 of the Austrian Airline can fly faster than our military aircraft. With the purchase of patrol planes, misleadingly termed interceptors, Austria would be able to plug this gap in air defense while living up to her policy of neutrality," said Socialist Party defense expert Roppert, in an interview with ARBEITER-ZEITUNG. In meeting Chancellor Sinowatz's guidelines for buying the planes, we would, above all, be helping plants, such as those in Ternitz and Judenburg, and be providing the possibility for constructing a new and future-oriented industry.

The newly-accepted program for national defense asks that 24 patrol planes be procured to replace the obsolete SAAB planes. Roppert: "We would not be increasing our armament; indeed, we would be reducing the number of our aircraft but buying planes that can do more." The political tug of war over what type to buy will probably continue until the fall. It will be necessary, first of all, to comply with the conditions set by Sinowatz concerning jobs by a suitable transfer of technology and that 100 percent offset purchases must be arranged.

From recent indications it appears that the American Northrup has been pretty well ruled out. Experts have described the F-15 as a combat plane with only limited use for patrol purposes. Also the uncomfortable memory lingers of at least one occasion when deliberations about U.S. planes became known and Russian diplomats promptly lodged a protest.

The argument over types of aircraft has been going on for 10 years, ever since basic agreement about interceptors was reached, and there have been proposals, like that of Austrian People's Party (OVP) representative Ermacora, that Switzerland should share the responsibility of Austrian airspace patrol.

Roppert, deputy chairman of the defense committee of parliament, takes the position that as much offset purchasing as possible should be obtained--if possible even more than 100 percent--that as many new jobs as possible should be obtained, through new industrial branches, and that the new aircraft should fit into the existing infrastructure, thus complementing the radar system ("Goldhaube") which cost 3 billion.

Roppert has little patience with the Socialist Party Youth which rejects the aircraft purchase plan. He says: "The debate within the Socialist Party was settled in 1974." If the decision on the new planes is not made in the immediate future "there would be the danger that both existing pilot regiments would have to be disbanded," since retraining of flyers to use new aircraft takes at least 2 years.

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## DEBATE CONTINUES OVER IMPACT OF SECURITY POLICY COMPROMISE

## Heinesen Has Second Thoughts

Copenhagen BERLINGSKE TIDENDE in Danish 30 Jul 84 p 7

[Article by Dan Axel]

[Text] Anker Jorgensen to party colleagues in connection with the debate on "SDP--A Party in Crisis": "Keep your mouth shut--or else think it over very carefully before you say anything."

Social Democratic vice chairman Knud Heinesen is now having second thoughts about the fact that his own party entered into a defense agreement with the nonsocialists without giving the SDP grass roots a chance to participate in the decision.

Knud Heinesen told the daily paper AKTUEL that "one can question whether it was wise to enter into a new defense compromise before the congress could express its views."

At the same time he said that the "Social Democratic profile must now be strengthened," something he himself has been criticized for if not working against, then at least for not working actively to promote.

The former finance minister made special reference to the fact that the increasing activity outside parliament makes it more politically necessary to provide clear answers.

"New patterns outside Christiansborg mean new patterns inside--and in my opinion this calls for a clear line, such as a rejection of the finance act," said Knud Heinesen who according to several Social Democratic sources was originally the "last to accept the Social Democratic rejection of the finance act which led to the election in January."

Other Social Democratic Folketing members are surprised at Knud Heinesen's attitude toward the defense compromise for which he was the party's "economic general." And a former Social Democratic minister said bluntly that

"Knud Heinesen is now getting on course with a sharper profile--oddly enough just before the party congress."

Recently SDP chairman Anker Jorgensen warned his party colleagues against too much participation in the public debate before the party congress in mid-September. Anker Jorgensen said flatly: "Keep your mouth shut--or else think it over very carefully before you say anything."

#### NATO Reaction Viewed

Copenhagen BERLINGSKE TIDENDE in Danish 30 Jul 84 p 9

[Commentary by 'Monitor']

[Text] The defense agreement solved a domestic political problem, but does the compromise also contribute to opportunities to safeguard Danish interests in relation to the rest of the world?

The defense agreement just reached has made a significant contribution to maintaining peace--not peace among nations, but peace among the political parties, and that after all has long been the important thing in Danish security policy. The main argument for the compromise--practically the only argument, in fact--was that it maintains the traditional agreement on defense policy. This "creates peace with regard to defense," as people often say.

But it has not been possible to sweep all the problems under the carpet. Despite the summer doldrums others have sketched a sharper picture of the security policy consequences of the agreement than the parties to the compromise had expected. It is especially surprising that the agreement has been subject to harsh criticism in POLITIKEN, not just by contributing experts but also in editorial columns.

But the sharpest commentary came in the British periodical THE ECONOMIST. It wrote that there is a growing impression in official circles in Great Britain that it would be suicidal to send reinforcements to Denmark and that the only practical objective is therefore to prevent an enemy from securing a foothold in Denmark--not to defend the country.

"This could be a very unpleasant alternative with respect to the weapons it might be necessary to employ and Denmark would have practically no influence over this." In other words, if Denmark does not maintain a defense system that makes it realistic to send reinforcements, Great Britain might be forced, with reference to its own security, to prevent the Soviet Union--perhaps with the use of nuclear weapons?--from gaining control over Danish territory.

It has probably not been put that strongly before and THE ECONOMIST's wording is so dramatic that it was refuted by both Britain and Denmark. But even if it should not be taken literally it points to a problem that we cannot ignore in the debate over Danish security policy.

Denmark's defense is not just a Danish affair. In the first place it is part of NATO's joint defense. In the second place it involves consequences for the possibilities our neighboring lands have to defend themselves. And finally, the defense of Denmark depends on assistance from our allies--primarily the United States, West Germany and Great Britain.

In recent years there has been an extensive debate in almost all NATO countries on the strategy of the alliance. There is broad agreement that NATO has become more dependent on nuclear weapons than is militarily appropriate or politically acceptable. Therefore a change is needed that puts more emphasis on conventional forces and less emphasis on tactical nuclear weapons. The nuclear threshold must be raised, as they say in strategic jargon.

In its latest security policy resolution Folketing went farther on this point than the official NATO thinking.

Folketing enjoined the government to work for an agreement banning first-strike use of nuclear weapons. But what is that same Folketing doing in practice? It came up with a defense agreement that at best maintains the present dependence on nuclear weapons. This makes it even harder than it otherwise would have been for the government to find a receptive audience for Danish security policy in general and the resolution of 3 May in particular.

This would rightly be rejected as hypocritical.

The defense of Denmark is not significant merely to us Danes. It is also important to countries near us. It has been necessary in Norway to give the highest priority to the northernmost part of the country. But this means that the southern part of the country, where most of the population lives, is dependent among other things on whether the Danish defense system is capable of fulfilling its responsibility.

West Germany's security and geographical dependence on Denmark is even greater.

For both political and military reasons the Danish Army, Navy and Air Force contingents are of extremely great importance. It would be politically unacceptable for West Germany if the Danish area became a military vacuum or a very weakly defended area. If Denmark will not fill this vacuum, West Germany will feel forced to do so.

Finally there is Great Britain. Seen from their perspective Denmark is a corridor through which Warsaw Pact planes can bypass the extensive air

defense systems in central Europe in connection with an attack on Great Britain and naval forces in the North Sea. In addition there are the Danish Belts which are the Soviet Baltic Fleet's access route to the North Sea and the Atlantic Ocean.

In other words, a weakening of Danish defense would mean a weakening of the defenses of neighboring countries and thus of our good political relations with them as well. And we cannot blame them for looking coldly at a Danish policy that increases their security problems and their defense costs, which are already much higher than ours.

Our neighbors depend on Danish defense. But the dependence is mutual and when it comes right down to it we are more dependent on them than they are on us. For example, an effective Swedish air defense is of overwhelming importance for the defense of Danish areas.

Naturally we are extremely dependent on our allies. Because of our exposed position and our inability to establish an adequate defense by ourselves, the defense of Denmark is based on allied reinforcements. Our security policy is based on the willingness of our allies to maintain forces in peacetime that are earmarked for the defense of Denmark and to deploy them in Denmark if it should prove necessary.

Thus when the British government tells the Danish government that it is concerned about the inadequate air defense of the air fields where the British reinforcements would be landing, it is not something that can be dismissed lightly. This is also the case when the West German government stresses how strongly it feels that the Federal Republic should not be the only NATO country with submarines in the Baltic Sea.

For many years politicians and voters have grown used to the idea that security policy problems are unreal. They were of symbolic but not real significance, people thought.

After all, there was no risk of war as long as NATO kept functioning.

Defense appropriations were our membership fee in the alliance and if we could have a membership at a reduced rate, all was well.

But as we know, with the exception of dust there is nothing that comes from nothing--especially political influence. A defense our neighbors regard as credible is a prerequisite for political influence and for safeguarding Danish interests in the future as well.

6578

CSO: 3613/205

## SURPLUS OF RECRUITS FOR ARMED FORCES CAUSING PROBLEMS

## Forces' Age Structure Affected

Oslo AFTENPOSTEN in Norwegian 12 Jul 84 p 3

[Article by Liv Hegna: "Problematic for Youth and Armed Forces: Prospective Recruits in Line"]

[Text] Close to an entire graduating class of young men, i.e., well over 20,000, are hanging in the air: They do not know whether they will be called up for first-time service in the armed forces when the time comes around as usual. They are also not receiving any information regarding when they can expect to be called up. Unemployment and tough competition for educational offerings are well known features to the younger set today. And interest in defense among young Norwegians can be put to the test in years to come.

The armed forces are being pressured to transfer money from the operating budget to the investment budget in order to create a more reasonable balance on the books and in the armed forces reserve for Norway. At the same time more and more young people are out there knocking on the door. Postponements are given closest to the door, but normally only for a year at a time. This makes planning difficult for the individual prospective draftee.

What is the main problem in this situation?

The Storting has now given its endorsement that the length of first-time service ought not to be reduced. But at the same time it has requested the ministry to evaluate the possibility of the additional induction of personnel for full first-time service in the army, as well as to let a number of draftees complete a somewhat shorter period of first-time service for later transfer to the national guard.

The armed forces are still in doubt regarding how many days of service funds will be appropriated for in 1985. It is up to the Storting to decide this, on the basis of suggestions from the government. Undersecretary Oddmund H. Hammerstad of the Defense Ministry said that the armed forces are pushing graduating classes ahead because classes of draft age will gradually become smaller in the beginning of the 1990's.

A reduction in days of service was passed also for 1984, but, for one thing, because of heavy unemployment among youth, it was voted to renege on this. However, in conservative armed forces circles which AFTENPOSTEN has been in contact with no hope is being expressed that the armed forces will return to the 1982 level as far as days of service are concerned.

Making the administration of the draft system more efficient can certainly solve some of the armed forces' problems today. There are seven military commissariats. This constitutes the draft board. In addition, there are about 80 roll-keeping units, if the national guard is taken into account. The increased use of electronic data processing and more efficient registration at the general military commissariat of personnel who */are/* [in italics] working or are in a training situation, and who thereby out of social considerations ought to wait with doing first-time service, are not solving the individual's problem.

Raising the draft age is not desirable: The ability to adapt to the military system drops drastically with an increase in age. In addition, it is more and more customary for young men to take on family responsibilities with an increase in age. This costs money. In the end it could turn out for the armed forces that the expenses would absorb the profits. Under any circumstances, more days of service will not be gotten by changing the administration.

The problem with planning over several years is of course that the structure of the armed forces for the future has not been totally and fully established. It is changed from time to time by the Storting. Divisions are dismantled. Training units fall victim to efficiency measures or are moved. Stakes are placed on civilian resources.

Only when the situation has been established for a number of years in advance will it be possible to make the number of service days concrete.

#### Legal Requirements

The upper age limit for first-time service is in principle 28 years old. If postponement is due to the draftee himself, it is possible to call him up until he is 33.

However, according to the law, first-time service is to be completed without unnecessary delay. Normally it is to take place before reaching 22.

However, evidence from the armed forces medical corps has shown that close to half of personnel in the higher age bracket desert or are proclaimed unfit. There are in fact twice as many 21-year-olds who are proclaimed unfit as 20-year-olds!

To build up a surplus for those years when we will need personnel in order to maintain our strength objective is therefore no easy matter. It is a question of young men, not of materiel which can be put on the shelf and fetched when there is need for it.

Today there is no opportunity to reduce the number of draftees. Before the war there was a period when the Storting decided that a third of the personnel should be set free. To judge from the debate regarding the principal guidelines for the armed forces' operations in the years 1984 to 1988, it is not very likely that the Storting will proceed to such drastic steps today.

#### Money

It is and will be an economic question whether prospective recruits will get to do their first-time service at a time which is suitable for all parties. Fetching money from other budgets than the armed forces budget is of course an extraordinary solution. In some quarters, nevertheless, consideration has been given to the possibility of transferring funds for our UNIFIL forces to NORAD's budget. But that the number of days of service will be covered through budgets other than the armed forces' there will hardly be a question of.

In the meantime, the graduating class of young men in question will have to just put up with waiting and seeing. There is no authority which has responsibility for them on a collective basis. The grievance officer for the armed forces handles such cases only on an individual basis.

#### Manpower Shortage in 1990s Denied

Oslo AFTENPOSTEN in Norwegian 13 Jul 84 p 5

[Article by Liv Hegna: "Possible to Reduce Line of Draftees: Enough Leaders and Places--Must Have Appropriations"]

[Text] It is quite possible to activate a couple of camps in the army and lengthen contracts for junior and noncommissioned officers doing service. It would thereby be possible to take in the portion of male youths who are not being called up for first-time service. The inspector generals for the army and national guard, Major General Olav Breidlid and Major General Ola Berg, respectively, tell this to AFTENPOSTEN. Both emphasize that it is incorrect that a personnel crisis will be faced in the 1990's as far as rank and file are concerned.

"There is hardly anything calling for introduction of military service for women in 1990. There will not be any crisis with a lack of personnel on this side of the turn of the century. What will happen after the year 2000 can be bad to predict," Major General Olav Breidlid says.

Major General Ola Berg says: "The bulge on the age distribution curve cannot be pushed ahead indefinitely. A young man must have a right to do his first-time service at the time in his life while his motivation is still at its highest point and he has not yet made a family. Desertions double with every year up in age. Besides, it is more expensive for the armed forces to have men in with families which must be provided for. But the most important thing, in my opinion, is the fact that it appears that interest in defense is reduced if a young man has to wait too long before he comes in."

Breidlid: "The only way out is additional appropriations from the Storting. That 400 extra men will be taken in in October and the same number for the first contingent next year in addition is very good. This ought to be able to be done for everyone who is waiting. The army has resources as far as leaders and camps are concerned. What is needed is money for the services."

Neither of the two military chiefs advocates a shorter period of service, something which so far the Storting also does not want. However, Ola Berg sees a possibility for transfer to the national guard after basic training in the army /if/ [in italics] a 6-month service course is introduced for national guard personnel.

[Question] Is it possible to achieve an efficiency gain by coordination of the national guard and army?

[Answer] Berg: "Several committee recommendations have concluded that this is hardly possible in peace time, assuming that it is desired to preserve the distinctive nature of the national guard, which has a long tradition in Norway. As far as the training pattern and operational utilization of national guard units are concerned, I think that the situation is otherwise. The national guard has been used in a good way for a long time in North Norway, especially in the concluding phases of field exercises. In recent years this has happened also here in South Norway. It is hoped that this development will continue."

Breidlid: "Both field units, local forces and the national guard are important elements in national defense. The brigades, those mobile organized command units, must stop and preferably defeat an enemy. The Storting has requested that the consequences of a reduced number of brigades be elucidated, but in my opinion 13 brigades is a minimum."

[Question] Can anything be gained by reorganization?

[Answer] Breidlid: "There will possibly be a question of strengthening one or more. The first to drop out will be the West Norway brigade. It has the shortest seniority."

The army is in progress with beginning a modernization program for the brigades. Of the 13, three of them will be recast into the so-called Brigade 90 armor-reinforced structure, three of them will be given the usual Brig 90 structure, and five will remain as they are.

Breidlid: "Consequently, we will get three different types of brigades. Besides, the army is satisfied with its improved antiaircraft defenses, anti-tank defenses and the new ABC corps uniforms, together with the reconstruction of ammunition dumps. Prior to 1989 the army will have covered three critical shortages in the mobilization army. The total shortages would have cost about 4 billion. The critical shortages which it has been approved to cover will require a disbursement of somewhat less than half."



[Question] But a brigade also requires support, from the air, for example. How well satisfied are they in the army with the air force's contribution in this respect?

[Answer] Breidlid: "With our F-16 planes we cannot expect close-range support. However, there is now a report at air force headquarters regarding the use of the civilian helicopter fleet in case of war."

The inspector generals of the army and national guard both agree that a good defense system cannot be an inexpensive defense system, although both feel that things /can/ [in italics] be made more reasonable and better than today: Firing ranges ready to use, for example, can make the expensive time of soldiers doing review exercises more efficient. Both Breidlid and Berg emphasize that investment in personnel is just as important as investment in materiel.

#### Fewer Conscientious Objectors

Oslo AFTENPOSTEN in Norwegian 16 Jul 84 p 5

[Article from NTB [Norwegian Wire Service]: "Fifteen Percent Fewer Conscientious Objectors"]

[Text] The number of Norwegians who are turning down military service is on the way down. Hitherto this year, 15 percent fewer have applied for transfer to civilian service than in the first half of last year.

There was a high point in 1982 with almost 3000 applications for civilian service. Last year the figure dropped to a little under 2400. This is a trend which has been further strengthened this year.

Major General Heming Synnevåg of the General Military Commissariat does not wish to speculate regarding the reason for this decline, but states that the number of conscientious objectors has always varied, generally in pace with political currents and war situations.

We had the last high point for conscientious objectors here at home in 1982, and Synnevåg thinks that it is hardly accidental that this high point dropped together with the Alta affair. North Norway distinguished itself by an especially large number of applicants for civilian service in 1981 and 1982. In 1981, 14 percent of the force in North Norway applied for transfer to civilian service, whereas the figure dropped to 7.3 percent in 1983.

8985

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## REVISED TIES BETWEEN EEC, AFRICAN COUNTRIES EXAMINED

Paris ETUDES in French Jun 84 pp 751-761.

[Article by Jacques Alibert: "Toward a New Convention of Association Between Europe and the ACP [African, Caribbean and Pacific countries (associated with the EEC)] Countries"]

[Text] In 1957, at the conclusion of negotiations leading to the signing of the Treaty of Rome on 25 March, France made the entry into the association with its Common Market partners of African territories with which it maintained special relations a precondition lifted by the preamble to the Treaty. The latter confirms the solidarity linking Europe with overseas nations. It defines the principle of stepping up the speed of economic and social development of African nations and resolves to gradually establish a free trade zone between the EEC and African countries and Madagascar.

Five years later, in 1963, the first Yaounde Convention was signed, including 18 nations now independent, the EAMA [Afro-Malagasy States Associated (with the EEC)].<sup>1</sup> It increased financial aid and the possibilities of intervention of the European Development Fund.

Covering 5 years, it was renewed on 29 July 1969 between the same partners for another 5-year period, expiring on 31 January 1975.

Things had changed a great deal when, in view of its signing on 28 February 1975, the first so-called Lome Convention was negotiated, following an accord concluded on 1 February. The latter in fact involves nine European countries because of the entry of Great Britain, Denmark and Ireland along with the original six, and 46 African, Caribbean and Pacific countries,<sup>2</sup> known as the ACP.

This is a new and original organization of economic and commercial relations between industrialized and developing countries, based on a flexible, open framework and within a framework of solidarity without dependency.

Benefiting from the experience acquired, the new treaty was nevertheless innovative, by creating a system for stabilizing export receipts (STABEX), instituting industrial cooperation and expanding trade advantages on behalf of the ACP, with Europe giving up reciprocity.

On 31 October 1979, Lome II succeeded Lome I in order to govern the relations of the nine European countries with the 58 ACP.<sup>3</sup> The new convention fits into the line of consolidation and greater integration for a period of 5 years, from 1 March 1980 to 28 February 1985. It is already coming to an end, while Greece has entered the EEC and six recently independent ACP nations have joined the group. The contracting parties have therefore had the time to know one another and deepen relations over the course of the two successive accords.

It was in the light of the facts and economic realities that negotiations began on a third convention on 6 October 1983. They will last about 10 months, in the hope of being signed before 28 February 1985 so that there will be no need for a solution of continuity between the successive conventions. In order to be respected, the schedule presumes that agreement already exists on the general goals of cooperation, that between now and mid 1984, negotiations will continue on the points open to discussion and that, at the time of the 28-29 June meeting in Luxembourg, a consensus will be reached.

The development commissioner on the European Commission holds that the stakes transcend the possibility of a mere continuation of the economic, financial and commercial ties already woven between the two sides of Europe and the Third World since the Yaounde, Lome I and Lome II conventions. "There is no future for Europe," he writes, "if most of the Third World is doomed to suffer endless underdevelopment or malnutrition. We must give more and better."

Explaining his remark, Pisani said that it is necessary to proceed so that the aid will be used to create the future and not only meet immediate needs or or make up for the past, and that the ACP must be given the benefit of a revival of the world economy.

In the final analysis, it is a question of changing the nature of Euro-ACT relations and permitting optimum utilization of available financial means. There has been talk of a "new approach."

This generous and ambitious program risks becoming a hair shirt and it is scarcely likely that the negotiations, engaged amidst gloom, will enjoy a new wind in the weeks ahead.

And yet, there is no lack of ideas and one must praise Pisani for having, in a memorandum bearing his name, revived the debate in a direction that could not be challenged. Its text generally inspired the masterplan outlined by the mandate received by the EEC Commission as negotiator. This mandate may be summed up in three proposals:

The ACP nation is sovereign in defining the development policy it pledges to apply and which the EEC promises to support.

An outline convention of an indefinite period would be completed by annual or pluri-annual financial protocols.

Finally, resources would be increased, especially given the possible entry of Angola and Mozambique, with the ten European nations pledging to double them in 10 years. Intervention of the European Investment Bank would be extensive. Food aid funds would be allocated to coherent strategies aimed at self-sufficiency.

#### Consensus on Objectives

There could be no disagreement on the main lines of proposals submitted to partners. Who, in fact, would not subscribe to the idea that development must be autonomous and that its advancement depends on the food-sufficiency of peoples, implying support for the implementation of an active policy of rural development and the definition of an economic policy to encourage the protection of food crops? Who would deny that it is necessary to develop human resources, consider the cultural dimensions of development, methodically upgrade natural resource potential, preserve the ecological balance, and develop independent capabilities for scientific research and technical application? Who would dispute the fact that the poorest ACP nations and their people have the right to special attention?

By emphasizing integrated rural development and a reliable food supply in order to strengthen food production, the Community was certain to gain the support of the ACP, support all the more solid because the food situation of several African countries is critical because of the drought and because it can be remedied only to the detriment of the granting of development credits.

Pisani, who was followed by the Commission, has a very precise conception of rural development. A year ago, he reported to a group of European businessmen that in his eyes, agriculture is the entry into development, the general line of organization based on which countless activities will be created and expanded, beginning with industrial production. Whence the key question: How, based on the determination to increase the capacity of agriculture, can one obtain quantitative results and overall results from developing the territory? The answer can be found in the food strategy. These two words must be weighed: Strategy, a military term, is the art of reserving one's forces in order to deploy them at the proper time. Food must be understood *lato sensu* and it would be better to say "agricultural" because the development commissioner sees no contradiction between food crops and export or income crops. He believes that they are complementary and he is probably right.

However, in order for there to be a food strategy, the country must manifest political determination. If this is the case, it has the support of Europe and can enter into a pact with the Community by virtue of which outside forces will pledge to aid it. Here, one encounters the problem of methods and means concerning which there has been serious disagreement.

#### Disagreement Over Methods of Cooperation Policy

If one is to believe the secretary general of the ACP, Thomas Okelo O Dongo, optimism does not prevail among negotiators. On 1 January, O Dongo said in Nairobi that a miracle would be needed in order to have an agreement signed

between now and February 1985, the expiration date of the Lome II Convention, so far apart are the respective positions of the ACP nations and the Community at the present time. This statement was immediately the object of a clarification by the Commission's representative. There are specifically two points of disagreement: the question of human rights and the dialogue on the economic policies of the ACP countries.

The Ten were somewhat surprising in deciding to introduce a clause on respect for human rights into negotiations, a clause formally rejected at the time of the Lome II negotiations. They did so under pressure from the European Parliament. The Community had in view the racial policies of South Africa and its military raids, as well as the prevailing very low wages in certain countries, wages not sufficient to provide a decent level of existence. Given the opposition of the ACP countries, it would confine itself to speak of respect for human dignity, the well-being of peoples and the realization of human potential. However, it decided that it would reserve the right to condemn any serious violations in a given ACP nation and to accompany its condemnation of a "reexamination of the conditions of cooperation."

For their part, the ACP countries do not think they have any lesson to learn from their European partners with respect to "human dignity" or "human well-being." Okelo O Dongo stated that traditional African societies take better care of the dignity and well-being of the old, widows and orphans than European societies that separate the oldest members of their community and put them in homes. The ACP group believes that the European interpretation of human rights is reduced to civic and political considerations. It is against the inclusion in the convention of clauses which would in fact prevent certain countries from having access to development aid to which they have the right as signers of the convention.

Debate could be harsh. The situation of ACP students and workers in the Community will be taken into account in the hope of finding a consensus on the idea that the right to development is one aspect of respect for human dignity.

In addition, the ACP are hostile to the dialogue on the policies demanded by the EEC for, in their opinion, it would violate at least two basic principles of the current convention: the equality of partners and their sovereignty. It would add an undesirable element: the conditionality of the granting and reception of aid. The Commission was moved by these positions. It confirmed that the basis for cooperation between the EEC and the ACP countries is neither intervention in their policies or discrimination based on their political systems. It states that it never had any intention of violating the principle of the equality of partners. "The dialogue on policies is a dialogue on the objectives and measures we have to take together to attain them," it says. "This policy already exists and was accepted by the ACP countries for the drafting and execution of every project financed by the EEC."

What the ACP countries reject, even though the aid would be more effective, is the imposition of conditions for the granting of this aid, such as those used by the IMF. Pisani nevertheless specified that it was not a matter of

a dialogue on the policies of governments, but rather, a dialogue on priorities and the progress of growth, a dialogue leading to morals without any sanction -- that is, without the privation of aid.

#### ACT Criticisms on Execution of Lome Conventions

There is a definite disenchantment among the ACP countries regarding the execution of the Lome I and Lome II conventions. Their criticisms have to do with the deterioration in the food situation, the decline in commercial trade with Europe, the operation of STABEX and the inadequacy of financial aid.

1 -- Between 1970 and 1980, there was a drop in production in 28 out of the 37 African nations, 4 out of 5 Caribbean countries, and 2 out of the 4 in the Pacific. The ACP believe that the development of export agriculture came about to the detriment of food production and that the rural sector is not adequately developed, for the infrastructures, organization, research, credit and marketing are based on export crops, leaving the peasants to fend for themselves.

Funds for food production amounted to 355 million ecus in 1982, but disbursements were very slow and while the 1982 budget of the Community provided for 160,000 tons of grain to fight hunger, the decision was not made until 3 December 1982 and the volume reduced to 72,300 tons.

The ACP countries, which give priority to self-sufficiency, recommend the dissemination of modern growing methods, the organization of peasants for collection, their access to agricultural credit, infrastructures, means of transport, and the development of work having to do with research, training and the environment.

2 -- The Lome conventions tend to ensure free access of ACP products to the European market at remunerative prices. However, the share of the ACP countries on the European market, which was 7 percent in 1980, dropped to 5.5 percent in 1981, while the EEC in 1981 managed a trade surplus equivalent to \$1.7 billion with the ACP.

The latter exported 16 billion ecus worth of products to the EEC, including 7 billion in oil products. They would like a total liberalization of trade, which already amounts to 95 percent. But the likely entry of Spain and Portugal into the Community implies that these two countries will export to the ten member nations according to the conditions of the Rome Treaty, which stands in the way of the overall demand of the ACP countries.

Furthermore, the relative drop in the share of the ACP in EEC imports is less linked to the minor obstacles remaining in Europe than to the loss of competitiveness vis-a-vis ACP competitors in the Third World. The EEC therefore anticipates planning trade relations with ACP countries by guaranteeing them conditions of access to the market for several years, while agreeing to revise the sugar, banana and rum protocols.

3 -- A major innovation in Lome I, the purpose of STABEX is to stabilize export receipts of the ACP countries for 47 products. It gives the right to financial transfers in the form of loans or gifts when export receipts drop by over 6.5 percent (2 percent for the poorer countries, which receive gifts exclusively) compared with the average for the 4 preceding years.

Designed to temper the effects of fluctuations in world prices, it experienced grave debacles in 1981 and 1982. Only 50 percent of the demands of ACP countries were covered. In fact, during the four reference years, prices went up, while in 1980 and 1981, prices, especially those of coffee and cacao, dropped drastically.

The ACP countries wanted a reform of the system in which they had placed such great hopes. Their latest requests are less aimed at reform than they are at increasing STABEX resources, which they would like to see quadrupled.

4 -- However, the main criticism of the ACP has to do with the inadequate financial aid of the Community. Only recently, they indicated that the \$7 billion granted during the five years of the Lome II is "a drop in the bucket," which is highly exaggerated. The following table shows the amount of financial means made available to the ACP countries for the Lome I and Lome II conventions (in millions of ecus).

	Lome I	Lome II
EDF [European Development Fund]	3,076 ecus	4,627
Subsidies	2,155	2,986
Special loans	444	518
Risk capitals	94	284
STABEX	382	557
SYSMIN [expansion unknown]		282
Improved normal loans	390	685
Extra-convention loans		
Mining projects		200

It will be noted that from one convention to the next, funds allocated for STABEX increased by nearly 50 percent, that EDF allocations increased by over 50 percent, and that improved loans increased by 80 percent. The "drop in the bucket" nourished many ACP countries, especially Senegal through STABEX.

It is true, as revealed by the Community's Auditing Office report, that out of the 786 million ecus to development in 1982, only 65 percent were granted during the year, that European Investment Bank operations dropped from 159.5 million ecus in 1982 to 135.6 million in 1983, and that the rate of utilization by non-governmental organizations of resources made available to them dropped from 93 percent in 1981 to 65 percent in 1982. The criticism is therefore more justified with respect to the management of funds and allocation procedures than to the amount of funds allocated.

## Disagreement on Means of Cooperation Policy

The means refer to the financial package and first of all, that of STABEX. As we have seen, the ACP countries demand a quadrupling of their allocation, an extension of the list of products covered by the guarantee and the elimination of any obligation to repay transfers, an elimination that now concerns only the least advanced countries. The Commission opposes any extension of the list and a substantial increase in funds allocated to the organization. It would like for STABEX to become an instrument of development and not just a mere means of financial transfer. In other words, STABEX funds would be the subject of concerted action by the Community and the ACP country involved in order to rule on their use before their release. To date, the countries have used these resources freely. Attached to their economic sovereignty, they reject any precondition or any conditionality of transfers. One thus comes back to the rejection of the "dialogue on economic policies" in which the ACP countries see intervention that destroys the rule of equality between partners.

One must agree that this dialogue presents a certain interventionist connotation. In addition, it is likely that the total Lome III package will be lower than the amount desired by the ACP nations. At the time of the first two conventions, the Community decided by itself to set the amount of the package. Henceforth, the ACP countries want negotiations on the "financial dimension." Once objectives are defined, the endowment must be high enough for them to be attained. Europe has pledged to devote .15 percent of the gross national product to the least developed countries. Will it agree to go further on behalf of the ACP nations? Among the Ten, there is talk only of rigor and austerity. It is therefore tempting to emphasize the quality of aid rather than the quantity: The English and Germans do not deprive themselves of this.

It is not very likely that the sum will be discussed between Europe and the ACP countries in a dialogue between givers and recipients. The ACP nations, *volens nolens*, are dependent on the generosity of the Ten. This generosity is not excluded and in this case, one might witness a doubling of the Lome II package. with Pisani arguing for Europe to understand that it is in its interest to help its partners increase their ability to import, which amounts to helping European enterprises to operate.

Naturally, the problem of the financial package is linked to that of the length of the convention. Given a basic convention of undetermined length, the package should be negotiated either annually or in terms of a program covering several years. Europe would hesitate to make financial commitments for too long a period of time and the ACP countries would not benefit from an annual challenging of the financial resources they might count on. If the next convention is, based on tradition, planned for 5 years, it will solve the problems of cooperation and their financing until 1990. Given the uncertainty as to when the world will emerge from the crisis, this formula, limited to the medium term, seems to be the most rational. Actually, the partners seem little inclined to question it, which would also imply an increase in the number of specialized protocols based on purpose and geographic zone of application, to the probable detriment of Africa.



## Stakes

With priority given to rural development, one may wonder about the place to be occupied in the future convention by industrial development. At the present time, no ACP country has become a "new industrialized country." The Community is aware of this, but its proposals do not respond to the expectations of the partners that have submitted a lengthy memorandum to it on this subject. They are confined to proposing the gradual stimulation of the development of small industries in view of the local, national or regional demand. Aid making it possible to meet international competition would come later. Referring to the Lagos Plan of Action passed in 1980 by the African chiefs of state, the Commission's mandate recommends the development of South-South trade, especially in the agrofood domain. It leaves in the shadows one aspect of industrial cooperation that would be useful, even necessary: that of the rehabilitation of factories or production units. At a time when money is difficult to obtain and costly, one must try to save the instruments of work that can be before thinking about new investments. The ACP nations risk being disappointed in their industrialization attempts. In this field, the golden rule consists of relying on oneself first of all. European aid is not a condition of industrialization in these countries.

European-ACP cooperation could not be reduced to economic and financial considerations, furthermore. On the brink of negotiations, both sides have emphasized the human problems and they are to be congratulated for doing so. The ACP countries have emphasized respect for African natural values, the cultural identity of their countries, and they want the Ten to make specific commitments on improving the living and working conditions of migrants and students in Community countries. As for the Europeans, at the request of Germany, they decided to include in negotiations the status of expatriate personnel, meaning foreigners who, while working in ACP countries as economic operators, provide their technical assistance and effect transfers of technology in the field.

The climate that will be established at the time these questions are examined will be a test of confidence and mark the degree of will to succeed.

The Lome conventions are a unique experience in the world in the area of contractual relations on an equal footing between ten industrialized countries of the West and a large part of the developing nations. They are the only glimmer in the obscure North-South dialogue and, lacking the institution of a new world economic order, represent a coherent, realistic approach.

Neither Europe nor the ACP countries intend to withdraw into themselves in the near future but one must probably not expect them to bring about such a psychological change that relations at the close of negotiations would fit into a context of cooperation superior to that reigning during the first two conventions. One may rather expect Lome III to follow the line of Lome II and that in the end, following delicate and sometimes heated discussions, everyone would realize that it is better to hold fast than to run, improve that which has been tested rather than innovate.

Whatever the case, both parties must undergo the double test of realism and good will. Let us bet they will pass it.

#### FOOTNOTES

1. Burundi, Cameroon, Congo (Brazzaville), Congo (Kinshasa), the Ivory Coast, Dahomey, Gabon, Upper Volta, Madagascar, Mali, Mauritania, Niger, the Central African Republic, Rwanda, Senegal, Somalia, Chad, Togo.
2. Bahamas, Barbados, Botswana, Burundi, Cameroon, the Central African Republic, Congo, the Ivory Coast, Benin, Ethiopia, Fiji, Gabon, Gambia, Ghana, Grenada, Guinea, Guinea-Bissau, Equatorial Guinea, Guyana, Upper Volta, Jamaica, Kenya, Lesotho, Liberia, Malawi, the Malagasy Republic, Mali, Mauritius, Mauritania, Niger, Nigeria, Rwanda, Senegal, Sierra Leone, Somalia, Sudan, Swaziland, Tanzania, Chad, Togo, Tonga, Trinidad and Tobago, Uganda, Western Samoa, Zaire, Zambia.
3. The 12 new nations are: Cape Verde, the Comoro Islands, Djibouti, Dominica, Kiribati, New Guinea, Papua, St Lucia, Sao Tome and Principe, the Seychelles, Surinam, the Salomon Islands, Tuvalu.

11,464

CSO: 3519/445

## PRIVATIZATION OF FEDERALLY OWNED ENTERPRISES ADVANCES

## Lufthansa, Volkswagenwerk Scheduled

Munich SUEDEDEUTSCHE ZEITUNG in German 13 Jul 84 p 25

[Text] The Federal Government is planning to continue this year with the privatization of federally owned enterprises which started with VEBA, the United Electricity and Mining Corporation. Matthias Wissmann, political-economic spokesman of the CDU/CSU, stated that, after the Bonn recess, Federal Economics Minister Gerhard Stoltenberg will submit to the Cabinet another series of privatization proposals, including in all likelihood the German airline Lufthansa and the Volkswagen plant, Wissmann hinted in response to questions from the press.

Both Wissmann and Wolfgang Weng, chairman of the FDP's Working Group on Privatization, welcomed Stoltenberg's intention not to limit himself to the partial privatization of VEBA, but to search for new ways of reducing federal involvement in industry after careful consultation with the executives and workers of the companies concerned. A step-by-step policy of returning federally owned companies and public services to the private sector--the spokesman of the CDU/CSU coalition noted--is among the most important tasks the Kohl administration is facing in its efforts to revitalize the social market company. Government must concentrate on those tasks that are truly its responsibility in order to find better solutions for them. Only by strengthening the dynamics of the private enterprise system can future challenges be mastered, he said. According to Wissmann, the Federal Government is currently participating in 958 enterprises through direct or indirect ownership. While over the past 20 years direct participation has declined by 6 percent, indirect federal participation has increased by 120 percent, he observed.

Wissmann as well as Weng declined before journalists in Bonn to provide detailed information on the scope and composition of the group of companies that are potential candidates for privatization. However, the FDP politician made it clear that, in addition to Lufthansa and Volkswagen that had frequently been mentioned in the past, efforts could also be expected to privatize the Federal Railroad and the Federal Postal System. Weng listed as examples the repair facilities of the railroad; the Deutsche Verkehrskreditbank, the banking subsidiary of the German Federal Railroad; and the broad-band cable installations of the postal system where the liberal partner of the coalition, in particular, has been pushing for some time for stronger private-sector participation.

As for the partial privatization of Lufthansa, Wissmann thought, the coalition factions are waiting for a "clear signal." As far as the FDP is concerned, Weng added, there is no real reason why it should be necessary for the Federal Government to keep its Lufthansa participation. Therefore, he saw no reason for discussing a reduction of the current federal share in Lufthansa from 74 percent to 51 percent instead of to 26 percent. The fact that Lufthansa is one of the "gems" among the federal holdings does not present a fundamental problem in privatizing Lufthansa. Both Wissmann and Weng are envisioning greater difficulties at Volkswagen where the state of Lower Saxony, like the Federal Government, owns 20 percent and where, so far, Lower Saxony has been unwilling to share Bonn's desire for privatization. In this connection, the coalition factions take the position that privatization should not be limited to the sale of federal holdings, but that the states and municipalities as well must take advantage of all opportunities offered by privatization. It simply is not necessary for the government to slaughter animals, clean buildings and operate cafeterias, Wissmann said.

In contrast to the partial privatization of VEBA, the Federal Government apparently is not planning to grant preferred treatment under the DM 936 Law in the future sale of federal shares. The VEBA case, he said, was proof that this does not work.

#### VIAG Prime Industrial Candidate

Duesseldorf HANDELSBLATT in German 15/16 Jul 84 p 1

[Text] The Federal Government is seeking to reduce to at least 50 percent its ownership share in Lufthansa (direct ownership 74.3 percent, indirect ownership 5.6 percent), according to information from FDP circles. Likewise, its ownership share of currently 20 percent in Volkswagen is to be decreased through non-participation in capital increases.

However, difficulties continue with Lower Saxony which wants to maintain its share--also 20 percent--under any circumstance. As far as federal participation in industry is concerned, United Industry Enterprises VIAG [Vereinigte Industrieunternehmen AG] top the list of enterprises that are to be sold in their entirety or in part.

That holding company (federal ownership 87 percent, Credit Institute for Reconstruction [Kreditanstalt fuer Wiederaufbau] ownership 13 percent), which is engaged in the production of aluminum, gas and electricity, has been in a relatively good position lately, while the other two major federally owned companies, the Saar Mining Companies [Saar Bergwerke] and Salzgitter, do not lend themselves to privatization at this time because of their bad business situation.

In the banking area, the discussion centers primarily on the DSL bank [expansion unknown] (99 percent federally owned) and the German Transportation Credit Bank [Verkehrskreditbank], a first-rate, 100 percent federally owned subsidiary of the German Federal Railroad. To reduce the federal budget, the Federal Railroad is to improve its poor financial condition by selling off its numerous holdings

in travel bureaus and similar organizations. In addition, it is expected to increase its cooperation with private business in the areas of maintenance operations and trackbed construction. The Federal Postal Service is also expected to award more contracts to private firms, especially for the installation of cables.

The Federal Ministry of Finance is currently pursuing work on a draft privatization policy which began early this year when the United Electricity and Mining Corporation VEBA was returned to partial private ownership. Finance Minister Gerhard Stoltenberg--according to political economists Matthias Wissmann (CDU/CSU) and Wolfgang Weng (FDP)--is planning to submit to the Cabinet a proposal relating to the matter.

The two spokesmen emphasize that the management of the affected enterprises will be included in the decision-making process. The workers of the wholly or partially privatized companies would receive employee stock participations. In contrast to VEBA's partial privatization, there would, however, be no linkage to the DM 963 Law because that had not worked out.

The privatization should not be limited to the sale of federally owned shares. States and municipalities as well should take advantage of the great potential benefits in the entire area of public services privatization. "What is possible and meaningful in such a privatization can only be determined on an individual basis after careful and thorough examination."

The privatization of public services can be accomplished, they say, by awarding contracts to private enterprises and to self-employed experts or to complete non-participation of the government in a particular area. Responsible decisions to privatize must always strike a balance among the need to cut the federal share of the Gross National Product, efficiency and capability, the interests of the workforce in the affected enterprise or institutions, and the good of the general public.

In 1982, they note, 88 of the FRG's 500 leading companies had federal participation--54 by the Federal Government, 14 by the states and 29 by municipalities. That means that almost 18 percent of these 500 corporations were government-owned. The Federal Government held at yearend 1982 a total of 958 direct or indirect participations, including its "special assets" [Sondervermoege]. In comparison, it had only 512 in 1962. Still, the number of direct participations fell by 6 percent while that of indirect participations rose by 120 percent.

7821

CSO: 3620/395

## INDUSTRIAL PRODUCTION, EXPORTS, UNEMPLOYMENT GROW

Zurich NEUE ZUERCHER ZEITUNG in German 13 Jul 84 p 12

[Article: "Natural Gas as Mainspring of Exports"]

[Text] Brussels, 11 July--Economic growth--a later development in the Netherlands than in West Germany or in the European Community as a whole--continued strongly in the first quarter of 1984 in the Netherlands. Since the end of 1983, industrial production has increased by 3 percent. This represents a 6 percent increase in comparison to the first quarter of 1983. With these rates, the Dutch economy has more than made up for the lag which occurred in the first half of last year. Alongside exports which in the first quarter of 1984 have exceeded the already high level of the last quarter of 1983, stockpiling which is once again under way has acted as the economic locomotive. Capacity utilization in the manufacturing industry reported at 82 percent was only 4 points below the peak value achieved after the first oil crisis.

In the first quarter, all industrial sectors, except textiles and construction, experienced growth. In its quarterly statement the National Bank indicates particular improvement in equipment and semifinished products. At any rate, the frontrunners have been the petroleum industry and natural gas production with seasonally adjusted production increases of 18 percent and 16 percent, respectively. As indicated earlier, the impetus for expansion originated above all from exports. Again in 1984 as in the past year, the competitive ability of the Netherlands will improve. As the unit labor costs in the manufacturing industry decreases by 3 percent in 1983, a further reduction of 4 percent is expected this year. Nevertheless, Dutch exporters succeeded in pushing price increases through which exceeded the buildup of the import price levels. Export volume (excluding energy) rose by 0.5 percent. As a result of livelier economic activity, imports rose by 4.5 percent. This can be attributed to a large degree to the delivery of capital goods. The development of prices and of volume combined resulted in a reduction in the export surplus.

A new picture emerges if trade is included with sources of energy, since natural gas increased by 20 percent, while, at the same time, Holland imported only 7 percent more crude oil and natural gas. Additionally,

it was possible to achieve price improvements which shifted the exchange rates by 4.5 percent in favor of the Dutch economy. All told, export surplus from January to April amounted to 6.1 billion Dutch guilders. On a cash basis, the balance of payments showed a positive balance of 3.8 billion Dutch guilders in the first quarter. This is exactly 3 billion more than in the last quarter of 1983, but about 500 million Dutch guilders less than during the same time period last year.

As far as can be determined from the data from the National Bank, domestic demand in the spring of 1984 showed no further decline. Although the Ministry of Economics calculated a 0.5 percent reduction in private consumption, this was clearly offset by increasing investment demand. This year the Central Planning Office is expecting a 3 percent increase in capital spending. If the acquisition of ships and airplanes which exerted a strong influence last year are not included, the result is even an expected gain of 6 percent. Inflation increased somewhat. On the average the inflation rate from January to May stood at 3.7 percent (at an annual rate). Increased indirect taxes appear at this point. The cost of living would have increased by only about 2.7 percent, if it had not been for the fiscal measures which came into force at the beginning of January. The reduction of the public deficit can be traced to higher tax receipts and, above all, to reduced expenditures. In the 12-month period to March 1984, net financial demand amounted to 8.6 percent of the national income. During the previous year demand stood at 9.1 percent. According to the latest estimates by the Ministry of Finance, the total deficit in the financial accounts, i.e., including those entries not keyed into the budget, will be limited to 10.7 percent this year. At the drafting of the budget, the rate was still calculated at 12.1 percent. Prime Minister Lubbers has already made it clear though, that this development will not cause him to deviate from the austerity course.

While the economic recovery took the weight off public finances, it has not defused the situation in the job market. The economic growth well short of continuing the trend to slacken any increase in unemployment. Seasonally adjusted, the number of unemployed increased in May to 848,000. This represents 18.1 percent of employees.

12348

CSO: 3620/377

## INDUSTRIAL PRODUCTION FALLS IN FIRST QUARTER

Lisbon DIARIO DE NOTICIAS in Portuguese 3 Jul 84 p 5

[Text] Industrial production during the first quarter of the year held firm or declined slightly, continuing the slowing trend that has been noted since 1980, according to figures just released by the National Institute of Statistics (INE).

According to its quarterly look at the economic situation, the manufacture of consumer goods and industrial equipment fell off this year and in relation to the same period last year, while the production of semi-finished goods remained stable. Current figures over all, in fact, show a marked slippage from last year with only two exceptions: foreign demand and inventory levels.

According to the INE study, foreign demand continues its upward swing for the sixth consecutive quarter, but domestic demand again registered a slight decline, undoubtedly as a result of current contractionist policy.

As for overall demand, it is unchanged in relation to the four quarters of 1983, with the same applying to inventories of finished goods, which shows that such demand is keeping quite low and inventories very high.

The data now released by the National Institute of Statistics further confirm that the level of usage of productive capacities stabilized or decreased in relation to the fourth quarter of 1983, coming in at about 74 percent. This allows operating room for production increases, bypassing the first phase of increasing installed capacity, simply by making more intense use of existing capacity.

12430

CSO: 3542/81



## INTERNATIONAL BANK CONSORTIUM EXTENDS \$400 MILLION LOAN

Lisbon DIARIO DE NOTICIAS in Portuguese 6 Jul 84 p 3

[Text] The Bank of Portugal announced on July 5 that a consortium of 24 foreign lending institutions had been set up to put together a loan package for Portugal equivalent to 400 million dollars (about 58 billion escudos).

The mandate conferred by the Portuguese Republic upon the participating banks (European, American, and Japanese) results from decisions reached at a meeting in Lisbon on July 3 which raised the loan total above the \$300 million originally sought.

The financial package will be divided into two segments, the first in dollars varying between 300 and 350 million, and the second in European currency units equivalent to 50 to 100 million dollars. Altogether, the two segments are not to exceed the agreed total of \$400 million.

The loans are granted for a term of seven years from date of signature of the respective contract, with a draw-down period of 90 days and a grace period of four years.

Stressing that this credit must be viewed in the context of the stabilization policy that the Portuguese Government has been seeking to implement in conjunction with the International Monetary Fund, the Bank of Portugal points out that 'the financial adjustment of the Portuguese economy has exceeded expectations,' adding specifically that the budget deficit has dropped to 9 percent of the gross domestic product, putting it below the goal of 10 percent and 1982's figure of 12 percent. Furthermore, the foreign debt rose only 5.3 percent, i.e., about 100 billion escudos, while the short-term debt went down 13 percent.

12430

CSO: 3542/81

## DEVELOPMENT PLAN RUNS AFOUL OF OPPOSITION

## Erdem on Plan Parameters

Istanbul DUNYA in Turkish 16 Jun 84 pp 1, 7

[Text] Ankara--Anatolian Agency--State Minister and Deputy Prime Minister Kaya Erdem has disclosed that studies on the main target strategy and social policies portion of the Fifth 5-Year Development Plan have been completed and approved by the Council of Ministers.

Erdem said that the Fifth 5-Year Development Plan bill will be presented to the Grand National Assembly on Monday, 18 June.

Kaya Erdem made his disclosures on the main target strategy and social policies of the Fifth 5-Year Development Plan just as the Council of Ministers was meeting. Erdem said that the Development Plan was prepared on the principles of cutting unemployment and increasing employment from the standpoint of its economic and social policies.

Erdem, who explained that the average development rate is projected at 6.3 percent within 5 years and that a rate of 7.1 percent will be reached at the end of 1989, noted that the target was to achieve a 6.3 percent increase in the GNP and a 4 percent increase in the gross per capita income and that the rate of increase, beginning at 5.3 percent in 1985, will gradually rise during the plan period.

## Investments

Deputy Prime Minister Kaya Erdem noted that 14.4 trillion lira in investment is projected to ensure an increase in incomes. Erdem said that the plan envisaged an average 8.5 percent increase in total fixed capital investments, an increase of 11 percent in private sector investments and a 6.8 percent increase in public sector investments; he added that 11.4 percent of all investments will be made in the agricultural sector, 41.9 percent in industry and 46.7 percent in the services sector.

## Production

Erdem pointed out that on the average annual basis, production will increase by 3.6 percent in agriculture, 7.5 percent in industry and 6.4 percent in services

and that in the manufacturing industry, on the basis of annual averages, production will increase by 7.3 percent, capital goods production by 9.7 percent and production of consumer's goods and their by-products by 6.4 to 7.3 percent. According to the information Erdem supplied, electrical energy production will increase by 11 percent and mining production by 7.3 percent. Within the gross domestic product, the share of the industrial sector based on market prices will be increased to 33.7 percent and the share of the agricultural sector will decline from 17.7 to 15.5 percent.

#### Savings

Erdem explained that during the Fifth 5-Year Development Plan period a 9.9 percent increase is projected within the GNP for domestic savings; he also noted that the 17.4 percent ratio of savings in 1984 will increase to 20.5 percent in 1989, with 29 percent of the increased income being saved. Erdem also said that an increase of 5.3 percent will be realized in public spending.

Deputy Prime Minister Erdem stated that an average increase of 8.2 percent in public and 10.7 percent in private savings is expected due to the effect of the public housing fund.

#### Exports

Erdem noted that an increase of 9.8 percent in service exports and a 10.6 percent increase in merchandise exports is targeted. He said, "Significant increases in exports will come from industries that generally produce capital goods and in sectors that produce wood products, paper, leather goods, chemicals, petrochemicals, food and textiles.

#### Imports

Erdem noted that during the Fifth 5-Year Plan period, merchandise imports will increase 7 percent in terms of U.S. dollars and that the current transactions deficit will drop from \$1.25 billion to \$1 Billion.

#### Social Policies

Erdem said that in the preparation of the social policies section of the plan, targets of lower unemployment and increasing employment were set and supplied the following information pertaining to this section of the plan: "It is expected that the work force will increase from 18 million in 1984 to 19.5 million in 1989. With the measures to be taken during the plan period, the population that will be added to the work force will be employed, and in this way unemployment will not exceed its present numerical level and a proportionate decrease will be possible.

#### Populist Party Objections

Istanbul CUMHURİYET in Turkish 17 Jun 84 pp 1, 7

[Text] Ankara, CUMHURİYET Bureau--Populist Party Secretary General Prof Dr Aydın Guren Gurkan has strongly criticized the government's approach to the

Fifth 5-Year Plan, saying, "This assembly will either take its functions seriously or dissolve itself." Gurkan said that it was beyond the tolerance of the Populist Party that a plan that will determine the political and economic fate of Turkey should forcibly be opened to debate at the Grand National Assembly.

The Populist Party secretary general in a statement made yesterday to CUMHURİYET said: "The method used to introduce the plan at the Grand National Assembly is being pursued under conditions that the Populist Party cannot accept. The 5-Year Plan should be opened to discussion by various groups of the people and its targets and strategies should be examined. This is true not only for the most important legislation that this assembly can pass but in essence for all laws. On numerous occasions we have, in good faith, warned the Motherland Party officials formally and informally at committee meetings about the need for a dialogue between the parliament and the people.

"We have a basic and unequivocal policy on methods of legislation. Every single bill should be opened to discussion by various national groups with a view to a full democratic process. In our past democratic procedures, it has always been this way. On the other hand, the Motherland Party administration is hiding every bill from the people and its own parliamentary group and is submitting them to committees, and consequently to public opinion, only 48 hours before debate, which is the minimum legal period. In this way, legislation is enacted in isolation from the people and only in accordance with the views and wishes of the government. No opportunity is recognized for either a parliamentary political opposition or a social evaluation. Although this has been the method exercised in legislation enacted up to now and has been tolerated, it is beyond our limit of tolerance that a plan that will determine Turkey's political and economic fate for 5 years should forcibly be opened to debate without any social or interparliamentary process."

Gurkan noted that the Populist Party parliamentary group is proposing a temporary amendment to law No 77 in order to prevent the exploitation of the law and prevent a fait accompli by the Motherland Party government. He expressed the Populist Party's proposal as follows: "In the event the plan is completed next week, debate should begin in September. In this way, the Populist Party, the other political parties and various national groups will have the opportunity to assess the targets, strategy and principles governing various sectors. The Motherland Party's stand on this issue will be a very serious test of its democratic convictions. If our proposal is rejected, this will be clear proof of the fact that the Motherland Party is attempting to short-circuit the Grand National Assembly, that it is hiding legislation from its own parliamentary group and that it is isolating the people as a whole from the legislative process. Under these circumstances, we will have to seriously review the tolerant attitude we have shown the Motherland Party up to now. To free this parliament from the single-handed hegemony of the Motherland Party government and to unite it with the people will be the unavoidable duty of the Populist Party from now on.

"If our proposal is rejected due to the pressure of the government, the Populist Party group will review its position. This parliament is being forced to pass legislation in a manner that does not enable it to function fully. If the

Fifth 5-Year Plan discussions begin within 24 hours of its introduction to the committees by consciously misusing law No 77, the Populist Party, aside from making a joint evaluation along with the various groups in the nation, will not have the opportunity to make an assessment even within its own parliamentary group. All previous governments, despite this provision of law No 77, in addition to presenting the plan informally to the committees before the set date, also always developed the plans in dialogue with the people. Every single plan has been debated in various scientific seminars before being introduced to the assembly.

"The Populist Party has submitted to the speaker of the assembly its motion to insert a provisional amendment to law No 77. In the preamble of the motion submitted by Tulay Oney and four other Populist Party deputies, it was noted that the creation of an environment suitable for sufficient discussion of plans has been an essential approach in regimes that have adopted the principle of democratic planning and that the same opportunity has not been provided for the plan that the government is preparing.

"The proposed provisional amendment submitted by the Populist Party deputies is as follows: 'Debate on the Fifth 5-Year Development Plan at the Turkish Grand National Assembly begins on September 3, 1984.

"The Council of Ministers is charged with submitting the plan to the speaker of the Grand National Assembly at the latest by August 1, 1984.

"Discussions at the Planning and Budget Committee can be adjourned during the Holy Sacrifice holiday."

#### Dogan on Parliamentary Attitude

Istanbul CUMHURİYET in Turkish 17 Jun 84 pp 1, 11

[Article by Yalcin Dogal: "New Conflict--The Plans Are Not Secret Documents"]

[Text] The National Assembly will witness striking debates next week. At the core of the debates is the bill that the Ozal government will present to the assembly: The Fifth 5-Year Development Plan.

For the first time in Turkey, a 5-year development plan was prepared behind closed doors. For the first time a huge 5-year plan will be presented to the parliament as if it were being "hidden from the people." For the first time, nobody has detailed information about a 5-year plan. Disclosures pertaining to the plan were made only under a few main headings the day before. It will have been presented to the speaker of the assembly tomorrow or the day after and under the provisions of law No 77 "debate on the plan at the Budget Committee has to be initiated within 24 hours after the plan is submitted to the assembly."

Since 1964, four 5-year development plans have been prepared in Turkey. These plans were open to wide public debate in their entirety. Furthermore, the first and the second 5-year development plans were open to debate not only on a

national scale but were open to international debate through seminars. What lies at the basis of opening a development plan to public debate is the principle of "obtaining the reactions and contributions of the various elements of the society." As a result of a debate performed on the one hand by the public sector and on the other hand by the private sector and professional organizations, various centers of the society generate ideas on a development plan that will be in effect for 5 years and then these ideas are reflected in the plan. Every development and action is followed by the people. The first and the second plans matured with the excitement of this type of approach. A similar approach was employed for the third and the fourth plans.

The Fourth 5-Year Plan was sent to the deputies and senators 15 days in advance, following seminars organized in 1978. Debate on the plan took place before the people and in addition the plan bill was sent to the members of the parliament 15 days in advance to give them the opportunity to study it. In spite of this, criticism such as "we received it too late" was heard.

Now, however, there is no other data on hand except disclosures made on a few figures in connection with the Fifth Development Plan. Two people sit behind closed doors and prepare a plan. At the Council of Ministers meeting, the direction of the plan is established. It appears that for the first time in the parliamentary history of the world, we see the "secret" preparation of a development plan that will shape the next 5 years of the nation.

According to the bill, 24 hours after its presentation to parliament, the Budget Committee has to initiate debate on the bill. No deputy knows anything about the contents of the plan bill, so how can they be expected to form opinions and present critiques? The plan will be presented to the assembly in a tumultuous atmosphere and will have thus passed.

Actually, what difference does it make if you do or do not have a plan within the framework of the economic policy that the government is following today? What effect could the plan have in view of the economic policies pursued today? In an economy that, in its entirety, is based on a free market concept, the function of the plan has been made "ineffectual" anyway. It can be said: "In that case, it doesn't make too much sense to dwell on the need to open the plan to debate in advance." However, what is important is not the importance of the plan from the point of view of the economic policies followed today but the viewpoint of the Ozal government on bills that are considered important and its approach to "relations between the executive and the legislative powers." The new draft plan forms one of the latest, most concrete examples of this approach.

9834

CSO: 3554/254

## INDIVIDUAL CREDIT FOR PUBLIC HOUSING READIED

Istanbul CUMHURIYET in Turkish 17 Jun 84 pp 1, 7

[Text] Ankara, Anatolian Agency--The president of the High Board of the Public Association and Public Housing, Vahit Erdem, says the the public housing regulations, under examination at the Administrative High Court, are expected to be presented to the cabinet tomorrow.

Erdem stated that immediately after the regulations are issued, individual housing loans will be granted to every applicant, in order of preference.

In reply to questions from a correspondent of the Anatolian Agency, Erdem said that no limits were set for individual loans and that everyone who wishes will be able to obtain credit. Board president Erdem noted that priority will be given to first-time home owners and that no special rules will apply to shanties. Erdem said: "Our aim is to enable every citizen to own a house in the long run. If this plan is to be continued more effectively as of 1985--and it will--the housing problem will be alleviated in the not so distant future." Erdem noted that it would be wrong not to classify shanties as housing and said that following the census to be conducted by the State Statistics Institute, the demand for housing will be established more accurately.

Populist Party Istanbul deputy Mehmet Kafkasgil said in a statement that the party supported public housing, but hikes in the prices of iron, cement and lumber, which are in an upward spiral, are increasing the cost of housing needed by the middle class by 100 percent. "Housing that would normally cost 1 million lira costs 2 million. The price hikes impose great expense on the buying homes.

## Press Conference at Batikent

Deputy Chairman of the Social Democratic Party and board member of Kent-Koop Muzaffer Sarac disclosed that the construction of 13,000 units, which had begun at Batikent, has stopped due to bureaucratic obstacles created by the Social Security Authority and the Public Housing Fund, which discontinued its funding.

Muzaffer Sarac showed the audience at the press conference he organized at Batikent the cooperative's construction site, where construction was at a halt.

9834

CSO: 3554/256

## ERDILEK ON DOMESTIC IMPACT OF MULTINATIONAL FIRMS

Istanbul CUMHURIYET in Turkish 17 Jun 84 p 9

[Interview with Asim Erdilek, economist and professor at Case Western Reserve University, by Mr Ulagay; date and place not specified]

[Text] Asim Erdilek was born in Turgutlu in 1945. After graduating from Brandeis University in the USA, he did post-graduate studies at Harvard University. He completed his PhD with W. Leontief, holder of the 1973 Nobel Prize for economics. Erdilek has worked for private enterprise, the IMF and the UN Industrial Development Organization and has done research work at several research institutes. Erdilek, who is currently a professor at Case Western Reserve University in Cleveland, Ohio, has had many articles and studies published in well-known periodicals in English and German. Erdilek's new book on the increasing influence of multinational firms on world trade will be published alongside his book entitled "Direct Foreign Capital Investments in the Turkish Manufacturing Industry."

The Key to Western Markets Is in the Hands of the Multinational Firms

Ulagay: Mr Erdilek, I would like to ask you a question concerning the results of the study on Turkey's experiment with foreign investment. Have the foreign investments that came to Turkey and operated there until now contributed favorably to the Turkish economy, in particular to the balance of payments, and what kind of impression have they left?

Erdilek: What a pity that my reply is unfavorable. It is necessary to emphasize the following: Foreign investment in Turkey arrived in the form of equipment, in other words, as materials, machinery and hardware. This naturally limited the effect of foreign investment on the "capital balance" of our balance of payments. I have also established this during my studies: Of the majority of foreign-based companies active in Turkey in the 60's and 70's, those that relied on foreign credit were few in number. These firms exceeded their Turkish counterparts in securing local loans and took advantage of local credit at a ratio of 85-90.



Ulagay: In other words, these firms' contribution in bringing in foreign capital was limited, and they expanded by taking advantage of the credit pool in Turkey.

Erdilek: When I say this I also want to point out the following: This practice is not one that foreign investment follows everywhere. Both foreign exchange and interest rate policies in effect in Turkey pushed them to take advantage of this. As you know, at that time negative real interest, in other words, subsidized, was in effect. In addition there was no foreign exchange convertibility; it was necessary to spend years to import capital or credit from abroad. Consequently, foreign investment chose to take advantage of available sources in Turkey.

Ulagay: What effect did the foreign investment have on the current transactions accounts of the balance of payments; in other words, on the exports-imports balance?

Erdilek: Again it can be seen that as a result of the policies implemented, foreign investment in Turkey exported less than it imported. The sectors of the industry where foreign investment was predominant were over protected, and in these sectors the ratio of exports to imports was low--for instance, the electronics industry, the automotive industry, the electrical appliances industry. In contrast, during the period on which my research is based, there was no foreign investment in the textile industry, and as you know, this sector has the greatest share of exports.

Ulagay: Foreign investment showed the greatest interest in the sectors that were protected the most. It preferred to concentrate on the domestic market.

Erdilek: Yes, they essentially tried to supply the domestic market and did not comply with the export guarantees they submitted, because they could not be well supervised. That is to say, when the situation is judged from the standpoint of the balance of payments, foreign investment did not contribute much, neither in importing capital from abroad nor in helping to increase exports. Moreover, a negative result is found when payments to foreign personnel, payments for technological transfer and profit transfers are taken into account.

Ulagay: Now, in the 1980's we see that there is a trend, or even policies in Turkey, to take more advantage of foreign investment and find new markets abroad. What do you think can be done to make foreign investment contribute more positively to the balance of payments and to the economy in general?

Erdilek: In the first place, there are the experiences of the countries that have been successful in this field. Among these are the developing countries and "the newly industrializing countries." However, if Turkey wishes to succeed in this field, it should approach the issue not as a developing country but as a developed country, since direct foreign investment takes place mostly between developed countries. In the second place, if Turkey wishes to take maximum advantage of foreign investment from the point of view of balance of payments, technological transfer and the transfer of management improvement, then it should concentrate on investments for manufacturing products for the markets of the developed countries with the best available technology. This doesn't mean

that product should be manufactured in Turkey as a whole, but certain parts can be. The parts to be manufactured can be established depending on the distribution of production factors in Turkey. What is important here is that the multinational firms to undertake this should be able to incorporate their production facilities in Turkey into their international production and marketing networks.

Ulagay: If I am not misinterpreting you, in one of your studies you pointed out that in world trade and capital transfers, the multinational's put more and more emphasis on transferring capital between countries, though within their own framework.

Eidilek: Now, in general, the importance of multinational or the international firms in world trade is rapidly increasing. The data are not exactly consistent, though at least a third of world trade and perhaps more in the manufacturing industry can be identified as "inter-firm trade." Look at it this way: Supposing there is a main company in the United States and it has subsidiaries in Japan, in Europe and in some developing countries. Now trade transactions between the main U.S. company and these subsidiaries, and the trade between the subsidiaries are identified as "inter-company trade." Naturally, so that this trade and collaboration network can be established, the foreign exchange policies of the different countries should be liberal and their currencies in particular should be convertible. Without achieving the above, it would be virtually impossible to enter the "inter-company trade" network, which is actually international. Once a country has succeeded in becoming a part of this network it can be considered to have entered the international competition system--that is, either from the standpoint of the end product or from that of components.

Ulagay: What effect will this have from the standpoint of exports?

Erdilek: I was on the point of saying that. At a time when protectionist trends are becoming stronger in the world and when it is becoming especially difficult to export to the developed countries, there is great potential for these subsidiaries to export to the developed country where the parent company is by manufacturing a certain product or certain components, on the basis of a cooperation framework which is established by the headquarters.

Ulagay: In that case, Honorable Erdilek, what would be the priorities of a firm that embarks on a venture by founding a subsidiary in the country where it will invest?

Erdilek: The international firm that will make the investment will wish to plan by considering many macro and micro indicators such as wages, rate of inflation and level of technological development. It would also require that many fiscal and economic indicators be reliable. It would seek guarantees concerning the future of the convertibility of the currency or of the exchange rate. This would require that the country of investment be a strong participant in international financial markets. That the international banks are coming to Turkey is a significant indicator in this respect, since international firms come to a country with the banks most of the time. However, if the foreign banks that come to Turkey concentrate only on the domestic market, they certainly cannot function to this end.

Ulagay: As far as I can see, you are looking at the changeover to the convertibility of the currency as a precondition for a country like Turkey to be able to enter into the network of trade and capital movement where these developed countries and international firms are predominant.

Erdilek: Now, at this point I differ from my colleagues and even those who are in a position to reach a decision and see convertibility not as an end to arrive at as the result of liberalization but as a means to expedite this process and to establish it on firm foundations. The integration of the Turkish economy within the international economy can only be possible after the convertibility of the currency is established and set on firm foundations. In the first place, without a convertible currency you cannot attract foreign capital to Turkey. In the second place, due to probable foreign currency crises that may arise in the future, foreign and domestic investments to be made may not reach expected levels. Therefore, convertibility should be established as soon as possible, first for trade transactions and then for investment movements and attempting to regulate the exchange rate by interventions from the Central Bank in the international markets is, in my opinion, a must.

Ulagay: What in your opinion are the significant factors in attracting foreign investment capital to Turkey, aside from the convertibility of the currency?

Erdilek: In the first place, all of the significant steps taken in the administrative field following 24 January 1980 should be expanded and all foreign investment regulations should be compiled within one law, in my opinion. Furthermore, privileges given to certain groups of countries and sectors should be lifted, and a principle of equal treatment for all foreign investors should be adopted. I also think that provisions limiting the shares of foreign investors are deterrents. It is necessary to acknowledge that to control the activities of these international firms with such methods in a democratic country is very difficult. Only if you have entered the competitive market domestically and internationally can this market control them. Also antitrust regulations should be expanded. Naturally, as everywhere, foreign investment can be limited in the strategic sectors. However, limitations outside of this field should be kept at a minimum. An assessment should be made at certain intervals and if expected results are not obtained from foreign investment in certain sectors, appropriate measures should be taken. In today's leading industrial fields, investments are so integrated and international that an optimum flexibility is required to withstand this situation. If we have decided to play the game we must go by the rules; otherwise we would be deceiving ourselves.

Ulagay: Does this mean that Turkey should go by these rules and should enter this network of relations if it wants to find markets?

Erdilek: Naturally Turkey does not have only one alternative. It has the opportunity to consider various alternatives and develop its commercial and economic relations simultaneously with other groups of countries. However, my numerous colleagues abroad and myself, because we see not a trend toward liberalization in world trade but a trend in the opposite direction, feel that a country that wants to increase its exports rapidly should not remain outside

of this network of relations where "intercompany trade" is predominant. This approach may also be beneficial in the sense of not being left behind technological developments. Consequently, Turkey should consider this alternative seriously.

Ulagay: In your opinion, if such a course is taken, in which sectors would Turkey have special opportunities?

Erdilek: The least exploited field in Turkey, despite its high potential, is the industrial sector linked with agriculture, which we call agro-industry. Along with this there may be an opportunity in nonelectrical machinery, especially in metal products. There may also be opportunities in other labor-intensive sectors. The impression I have gotten in the United States is that American capital is much more interested in agro-industry in Turkey. For us, the important thing is to take advantage of this potential in a way that earns the most foreign exchange for Turkey.

9834

CSO: 3554/256

## COMMERCE, FRIENDSHIP MEMORANDUM SIGNED WITH SOVIETS

Istanbul TERCUMAN in Turkish 17 Jun 84 p 5

[Text] In the memorandum that was signed between Soviet Chamber of Commerce and Industry and the Turkish Union of Chambers of Commerce, Industry and Commodity Exchange, emphasis was on increasing the trade volume between the two countries and the strengthening of friendship and fraternity in line with this. Among the resolutions that are expected to influence the Joint Economic Committee meeting scheduled for 27 June in Ankara are increased electrical energy purchases by Turkey, plans for natural gas pipelines and a 15-20 percent increase in Turkish-Soviet trade volume during 1984.

The roundtable meeting which began the day before within the framework of the memorandum signed between Turkey and the Soviet Union last year ended in Istanbul yesterday. D.M. Baranov, deputy chairman of the Soviet Chamber of Commerce and Industry, said in a statement: "Improving economic relations will strengthen the ties of peace and fraternity between the two countries." Baranov said that joint committees and task forces will be formed to improve economic relations between Turkey and the Soviet Union; he added that the meetings showed the desire on the part of both countries to improve relations.

Ali Coskun, member of the Board of Executives of the Turkish Union of Chambers of Commerce, Industry and Commodity Exchange, reiterated that the Turkish side proposed that the Soviet Union should import industrial goods along with traditional agricultural products. He said: "Our proposal was favorably received by the Soviet delegation and they said that they will take it to the joint meeting." Coskun disclosed that Turkey will participate in exhibitions organized in Moscow and Soviet republics and went on to say, "The memorandum agreement that will lead to increases in our energy purchases will at the same time resolve transportation and communication issues."

9834

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## KIBAR URGES GOVERNMENTAL UNITY TO RESTORE ECONOMY

Istanbul DUNYA in Turkish 17 Jun 84 p 5

[Article by Osman Kibar: "Let's Put Our Act Together Now, Gentlemen..."]

[Text] The primary issue now is the high cost of living. Anyone who can write or talk is dwelling on this topic. Since this is the one topic that the people are most interested in, nothing different should be expected. I will not go into this in this week's column. If we keep mentioning the high cost of living all the time, I suppose we can get the people to adjust to it.

Because I am resigned to retirement from active politics, I can write freely about politics and political parties. Last week I came across a new member of the SDP and a former member of the RPP, an old friend who always inspired respect with his straight character and genuine courtesy. The questions he asked and the issues we discussed prodded an old habit and compelled me to write a few words on politics and political parties.

One of the questions was whether the Constitutional Court will decide to close the True Path Party [TPP] and what the pluses and minuses will be in the event it is disbanded. It is not for us to comment on the verdict; it is also an offence in our laws to speculate on an issue under judicial process. From this standpoint, I certainly cannot write anything about the verdict. All I can do is to speculate on what will happen if a party with grass-roots support is disbanded and what the outcome may be if it is not. A verdict may be passed on a group that has been "vetoed" innumerable times, that has been closed down time after time, one that puts up a struggle for a group whose beliefs are not shaken, a group that persists in its beliefs despite all material difficulties and that does not disappear even under extremely difficult circumstances. However, in my personal opinion, this would be to its advantage. This will not create anything but a change of names for those whose hearts beat for the same goal. It may be a little expensive, but it will not detract from their strength or their common principles. It certainly will impose a new pace, a new enthusiasm and a definite direction for the next elections for those who are hesitant and a chance to regroup for those who have dispersed into groups of the right and those who have dissassociated themselves.

The SDP can certainly not wish the TPP to be disbanded. They would wish to see this party, which they use as an ally, in their attacks on the Motherland

Party, at their side. Obviously they will take advantage of having the party of the right, which has grass-roots support, appear to be on their side in attacking the party in power.

I do not believe the Motherland Party will obtain as great a proportion in the next election as it did in the 6 November elections. My friend Turgut Ozal has indeed become the prime minister, but he has not become the leader of a party with grass-roots. There is hope that the Motherland Party may become a real political party, at least after two conventions. It is very difficult to form a community of mutual feeling and love and of beliefs with a team that is made up of mixed origins. To arrive at a judgment without thoroughly examining the identity and origins of the votes that it received in both of the elections would be misleading. For example, it is necessary to not lose sight of the fact that it has won all four seats from Isparta, which is of considerable significance. If I am not mistaken, before 12 September the results were 3 to 1. This time, when the entire right united, the left could not score anything. In the coming elections, there will be no vetoes or anything else. There are many similar examples. The reason I refer to this topic is not to prophesy the future. I want to emphasize that a team that came to power with great promises should have a single objective and target, and it should win the love of the people without losing sight of the concept of serving the nation, within unity and with mutual respect and refraining from creating an impression of haughtiness. Otherwise, pity them and the people. In both the 6 November and 25 March elections, the people had believed in the sincerity and goodwill of the Turgut Ozal team when they cast their votes. To shake this belief may cost dearly. It hasn't even been 1 year. If respect is expected, one should be both respectful and mold prestige. You have come to power with a carload of prestige. Use it by the spoonful. If you waste it by the barrel, as you do today, the end will soon come.

The people want you to succeed. Do not expect this nation to have love for people who think of increasing their salaries to 390,000 lira.

Let's come to our senses. Do not create the impression that such statements as "self sacrifice," "love of service" and "for the nation" are nothing but empty words. A friend will always tell the hard truth.

9834

CSO: 3554/255

## TWO NEW OIL FINDS MADE IN DANISH AREA OF NORTH SEA

Copenhagen BERLINGSKE TIDENDE in Danish 31 Jul 84 p 1

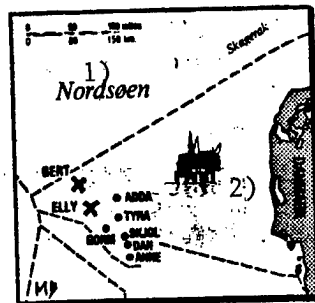
[Article by Peter Kjelstrup]

[Text] Two new oil finds have been made in an area where several small finds have already been made. One find is located close to the boundary with the Norwegian continental shelf and will be investigated in more detail.

The Danish Underground Consortium has made two new finds in the Danish part of the North Sea. This was revealed by the A. P. Moller shipping company.

The two finds have been made 35 kilometers and 90 kilometers northwest of the biggest Danish oil field to date, the Gorm field.

The find 35 kilometers northwest of the Gorm field is called Elly and was made by the A. P. Moller-owned "Maersk Endeavour," which will now conduct production tests at the site. This means that the drilling rig will investigate what the field produces and how much and this indicates that the find is of some interest.



Key:

1. North Sea

2. Denmark



The second find which also showed "signs of the presence of hydrocarbons," as A. P. Moller's information section expressed it, is called Gert and lies close to the Norwegian continental shelf boundary. The find there was made by the drilling rig "Dyvi Beta," which DUC [Danish Underground Consortium] leased in Norway. However production tests will not be conducted there right away; instead the drilling rig will be moved 30 kilometers toward the south to perform exploratory drilling at "Liva 1."

Both the new finds were made in an area where some small oil finds have already been made but it has not yet been decided whether or not to work those sites.

6578

CSO: 3613/205

## PROBLEMS OF NUCLEAR ENERGY DEVELOPMENT SURVEYED

Duesseldorf WIRTSCHAFTSWOCHE in German 25 May, 1, 15 Jun 84

[Three-part series by Wolfram Engels: "Atomic Electric Power"]

[25 May 84 pp 40-42, 44, 46, 49]

[Text] I. A Nuclear Bull's Eye

The atomic energy business has been a flop. The industry is still waiting for that future once so glowingly predicted. In this first part of a series WIRTSCHAFTSWOCHE describes how the once optimistic expectations have come to naught.

Bavaria's state minister for environmental questions felt "satisfaction" and the manager of the Bavarian Works Company expressed feelings of "joy." The reason for this mood of jubilation was a juridical partial victory over a woman on a small farm in southern Bavaria who wants to make trouble for the Bavarian Free State and its greatest power producer in the nuclear power plant building trade.

It began in August 1982. That was when the first spadeful of earth was dug after which the work moved ahead rapidly. By the middle of January of this year on the 40-hectare building site of the Isar 2 (KKI 2) Nuclear Power Plant in Ohu, 70 km downstream from Munich, 300,000 cubic meters of earth have been excavated, 85,000 cubic meters of concrete and 20,000 tons of steel have been installed and 1.2 billion marks invested in order that by 1988 the atom pile shall be loaded with 100 tons of enriched uranium and shall be quickly brought up to its electrical output of 1,270 MW.

But then Franziska Beck, age 45, who lives on her farm a couple of kilometers from the barbed wire fence of the building site obtained a court order to stop construction. Franziska lives on her farm with 10 cows and pigs and 15 chickens, is a local member of the Bavarian Farmers' Association and is also a schoolteacher. She is worried about the effect upon herself and her animals of increasing stress from radioactive radiation if the KKI 2 were to go into operation. It is fence-to-fence with the KKI 1, 870 MW and supplying power since 1979. The KKI 1 has already on one occasion during the test

phase released radioactive steam and since then the radiation level in the neighborhood has remained above the normal natural value. And there is also nearby the site of the ruins of the Niederaichbach KKN Atomic Power Plant. The latter nuclear power plant designed to produce 100 MW was permanently shut down in 1974 after 1.5 years of testing and numerous breakdowns and is today a radioactive problem case.

With the popular saying in mind "If the milk tastes of krypton then the cow's been grazing in a nuclear power plant," Franziska Beck worries about a drop-off in her business: "Who wants to buy milk from such a neighborhood?" She brought suit--and won her case. The Administrative Court of Regensburg acknowledged that her mighty opponents--the Free State of Bavaria, whose state minister Alfred Dick had approved the construction, and also the four power producers Bavaria Works Company, Isar-Amper Works Company, East Bavarian Energy Supply Company and the Municipal Works of Munich who wanted to operate the power plant--had been lax and careless in their activities.

After the first partial approval with which in the summer of 1982 a green light had been given for the first spade of earth, the approving agencies and the operators jointly had pushed ahead an approval of modifications in the summer of 1983 and "in so doing had been in violation of regulations governing public hearings" (court pronouncement). This modification approval had permitted 25 deviations from the original plans which had been laid before the public and had also approved economizing by omitting two expensive safety devices.

Reason enough for the judge of the Fifth Chamber of the Regensburg Administrative Court to lay down the simple judgment: "The grant of approval is in violation of the law."

The judges concluded on the basis of "several hundred documents" that the licensing authority (the Bavarian State Ministry for State Development and Environmental Questions) "had not even glanced at the content of the approval order."

In the modification action the court found that "it is clear on examining the plans that in part they no longer agree with the original plans. But the extent and significance of the changes cannot be determined even after the most careful examination--not to speak of the fact that these changes contain no certification stamps or examiner's marks."

At the same time it was clearly apparent to the court that two safety measures had been knocked out of the plans on the basis of the modification action: the safety devices to protect against rupture in the main coolant lines and the screening walls in front of pressurized storage vessels. The former are designed to limit the consequences of a total rupture in a main coolant line (2 F rupture) in which a pressure wave can strike into the reactor chamber and damage the fuel elements. The decision of the administrative court: "This so-called 2 F rupture in the absence of the safety device is no longer controllable. In the expert opinion of the TUV with regard to the modification action the omission of the screening walls could possibly lead

to other complications relative to protection of the pressure vessels against radiation forces and line impacts." The builders of the power plant invoked the "basic safety" provided by material quality, manufacturing methods and testing methods and declared that these made a 2 F rupture "practically impossible."

But the judges found that the "so-called basic safety" is no substitute for the safety devices on which the builders had economized. Because, as they inferred from the mountain of papers examined: "As compared with the first authorization there had been no change in the materials employed, in the manufacturing methods, in the testing methods or in the quality control processes." The court found that "there had only been subsequently a different evaluation of the probability of occurrence of a 2 F rupture."

In their next move the so badly mauled approving authorities and operators professed an altruistic interest in safe and cheap energy supply. They asked to be allowed to continue construction, in order to avoid a "power gap" and offered the observation that rupture protective devices and screening walls could still be installed. This latter offer was evidently in anticipation of another slip on the long march through the courts of the administrative judiciary.

But the judges remained firm. They asserted that there could be no public interest in an "immediate exercise of what was after all an illegal partial approval." They found that the calculation of the power gap at the end of the eighties was based on too high a "prognosis of an annual power consumption growth rate of 4.2 percent." Actually, they said, a growth rate of only 2.9 percent was to be expected. This latter figure had been computed by the German Institute for Economic Research (DIW) in Berlin in the beginning of 1983 under contract to the Bavarian state minister for economics Anton Jaumann. But for such growth, so the administrative judges informed the power suppliers, the existing capacities would be adequate with a 25-percent reserve above maximum load.

Finally, the judges also took aim at the dogma of cheap nuclear power. They stated that in a cost comparison it is necessary to "strive for as complete a summary as possible of all cost factors (such as, for example, investment costs, interest rate, availability and useful life of the facility). But in actuality: "All known studies whose computations show a cost advantage for atomic power fail to meet these requirements." According to the judgment of the Regensburg Administrative Court whatever slight cost advantage may possibly exist is more than outweighed by the costs produced by overcapacities and "in fact the construction of the KKI 2 will create an overcapacity by the end of the eighties which will have an unfavorable effect upon the cost structure."

Franziska Beck's lawyer Siegfried de Witt, who acquired his experience in trials fighting the construction of the Wyhl Nuclear Power Plant in Freiburg and the Kalkar fast breeder in the Lower Rhineland, says: "No court has ever before dealt so thoroughly with the problems."

The construction-stone-earth industrial labor union unleashed the 1,000 construction workers in the Landshuet old town to demonstrate for their jobs. Bavaria's minister president Franz Josef Strauss charged the Regensburg judges with "sabotaging the economic upturn." Against this judgment of the Regensburg "provincial judges" (to use the language of those castigating the judgment) the Free State of Bavaria and the Bavarian Works Company lodged an appeal with the Bavarian Administrative Court in Munich. The judges in the capital city reached a conclusion with astonishing speed when measured against conventional administrative court practice. Within 10 weeks they reached the conclusion that in contradiction to what their Regensburg colleagues out of the records the authorization for the reactor construction was "consistent and clear." They were unable to find any "radical and decisive defects." Moreover, "urgent public interest in the security of Bavarian energy production toward the end of the decade necessitates an immediate resumption of construction." To the judges of the administrative court it appeared "plausible" that power consumption will increase by 3.7 percent annually. They discontinued the construction stoppage. But they did in fact warn the Bavarian Works Company that it would continue its construction at "its own risk." Because in the principal legal action which may drag on for at least another 2 or 3 years it is possible that the judgment of the Regensburg provincial judges might still be sustained. But the nuclear power plant builders are relying--as always in such cases--on the likelihood that with each further step in construction the "pressure of facts made of concrete and steel" ("Munich Abendzeitung") will gather strength and thus render steadily more improbable any decision against their invested billions.

But the atomic power industry will still have to contend for some time with the Regensburg judgment. Because now for the first time arguments have emerged in court with which previously only opponents of the atom had armed themselves. The foreground is no longer occupied by "worst case accident" and radioactive contamination, radiation cancer, and defective births in future generations but rather it is now the question closest to the heart of the citizen of the FRG: "Is it also good economically?" Or in more technical language: "Does it have high profitability?"

This question also stirs Munich's new mayor Georg Kronawitter. Because participation in the mammoth municipal power plant seems to be too expensive he wants to "take every measure to loosen the city's contractual obligations for Isar 2." Because whereas in 1977 the talk was of construction costs amounting to 2.5 billion marks today there is no getting away from a figure of 5.4 billion marks.

This new argument against the atomic power industry hits its nucleus. In the specialty magazine ATOMWIRTSCHAFT--ATOMTECHNIK its editor-in-chief Wolfgang D. Mueller in January of this year deplored the fact that: "Since the controversy in recent years about nuclear power plants has, while hindering and delaying such projects, nevertheless not hindered the use of nuclear energy it is apparent that many critics are now assailing it on economic grounds."

In the United States the controversy has reached a decision. After 1974 one single nuclear power plant was ordered and in fact the construction of this

plant has still not begun. Over against this, in the last 10 years around 100 nuclear power plants have been crossed off the books, including a dozen which were already half completed or in some cases even ready for operation. The reason for this nuclear power slowup lies in the sharply increased construction times and construction costs resulting from safety requirements. In the early seventies it was still possible to build a 1,000-MW bloc for \$350 million in 4 to 6 years. Today one must figure on construction times up to 14 years and more than \$3 billion.

The German nuclear power plant advocates console one another with the belief that the emergency existing for their colleagues on the other side of the big pond is a result of "aspects of the problem having a specifically American character." This was the opinion of the chairman of the Northwest German Power Plants Company Hermann Kraemer last October in his address to a congress of the power plant lobby. He went on to say that "these aspects in any case have up to now had no effect in the FRG upon the completion of nuclear energy projects." But this situation can change. It is also true in the German states that the growth rates of power consumption are lagging far behind expectations while the construction times are lengthening out to a decade and more and investment costs are rising steeply and the economic role of nuclear power stands in doubt (see Part II in the next issue).

When 30 years ago the German economy first glimpsed the dawning of the atomic age--U.S. President Dwight D. Eisenhower had just inaugurated a program for "the peaceful use of atomic energy"--a rosy future was prophesied. Ships, aircraft and missiles, locomotives, autos, all of these were to be driven atomically. Baby reactors in the cellar would heat the dream home. Experts carried out detailed calculations to show how cheap nuclear power would become. At that time in the FRG oil still accounted for only 10 percent of the market, coal for 85 percent and the rest was covered by hydroelectric power. Thus even before it had begun the end of the oil age was announced, because of the emerging age of atomic energy.

In 1956 the publication ATOMWIRTSCHAFT--ATOMTECHNIK published a diagram according to which within 4 years 80 percent of the German power supply could be covered by the new energy technology. The mining assessor Ferdinand Friedensburg, CDU deputy and president of the German Institute for Economic Research, claimed at that time that there were "practically unlimited quantities of uranium" in our own country. But actually the little bit that it had been possible to scrape out of the German underground at Menzenschwand in the Black Forest has barely sufficed to keep a full head of steam in today's installed power plants for no more than 10 years.

The German Federal Ministry for Atomic Questions (which in the interim has turned into the German Federal Ministry for Research and Technology) was set up in 1955. Franz Josef Strauss, as the first minister of atomic energy, announced that only the nation which is in a position to build atomic power plants and to deliver them could "consider itself to be in the front ranks of the industrial nations." His successor Siegfried Balke in 1959 turned up the memorable formula: "If we are unable to put nuclear power plants on the market then the day will come when we will no longer be able to sell vacuum

cleaners." The historian Joachim Radkau comments: "Nuclear power projects had to be promoted as something in the national interest so that the risk of a possible failure could be shuffled off onto the shoulders of the general public."

At first there were many adherents of the nuclear party. Seven groups of entrepreneurs in the middle of the seventies set their hopes upon atomic power contracts. These included Krupp, the Good Hope Mines and Demag. Then followed AEG and Siemens in reactor construction. They succeeded in getting into the business with licenses from the American firms General Electric and Westinghouse. AEG booked the first contract and built VAK Kahl which since 1961 has been operated by the Rhineland-Westphalian Electric Plant, Inc. (RWE), and the Bavarian Works Company. They also succeeded in obtaining 10 additional contracts for AEG hot-water reactors. Of these, one was in Austria. Altogether contracts were obtained for a proud total of 8,000 MW. But this atomic involvement degenerated into the worst blunder in the history of the company. In 1969 AEG and Siemens cooperated in the Power Plant Union Company (KWU). In this marriage the AEG obtained a dowry of trouble, and in fact on a mass production scale:

i. The Gundremmingen KRB-A began supplying power in 1966 and was shut down in January 1977 after a trouble-ridden existence, including an accident involving two fatalities.

ii. The Lingen KWL lasted from 1968 to 1977. Since then the radiating ruin has been under the surveillance and administration of the Lingen Nuclear Power Plant, Inc.

iii. The Grosswelzheim AEG hot-steam reactor was in 1970 shut down once and for all after only 5 years of construction time. The radioactive emissions were uncontrollable.

iv. In the Wuergassen KKW, Philippsburg KKP 1, Brunsbuettel KKB facilities and in the KKI 1 facility at Ohu by Landshut the pipelines had to be replaced. The steel was unsuitable.

v. The Austrian Tullnerfeld Nuclear Power Plant was taken out of operation on the basis of a national plebiscite before it was able to deliver its first kilowatt-hour.

Chairman of the board Hans Groebe soon promised positive action in dealing with the "cleanup of the reactor risk" and resolved in November 1974 to "amputate the sick leg." In 1976 under chairman Walter Cipa the AEG after tough negotiations paid 1.5 billion marks for this amputation. Siemens became sole owner of the KWU and thus developed into that industrial giant capable of delivering everything from a vacuum cleaner to an atomic pile, even as atomic minister Siegfried Balke had hoped and dreamed for the international status of German industry a good 20 years before.

The 100-percent subsidiary KWU with factories in Berlin and Muelheim, sales offices in Offenbach and Erlangen, delivers complete nuclear power plants,

including fuel elements, offers service and consultation. The KWU holds 100 percent of the Interatom International Atomic Reactor Construction Company, Friedrich-Ebert Street in Bergisch Gladbach. Several enterprises use this address:

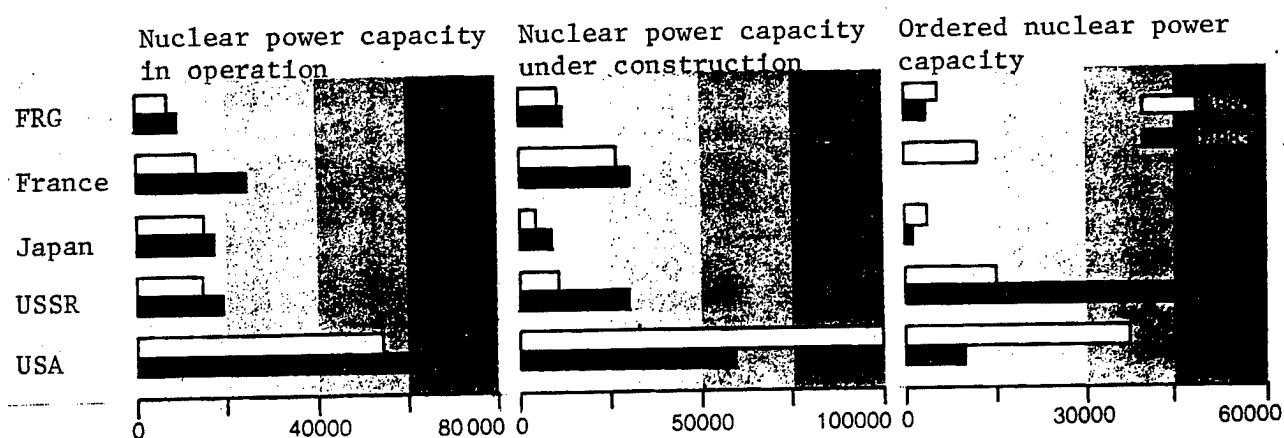
i. INB--International Sodium Breeder Reactor Construction Company, Inc.--70 percent of which belongs to Interatom, while 15 percent each belongs to Neratoom and Belgonucleaire S. A. The company is in charge of the construction of the fast breeder in Kalkar.

ii. KVG--Fast Breeder Reactors Appraisal Company, Inc.--in which Interatom, the Nuclear Research Center in Karlsruhe, Inc. (KfK), Neratoom and Belgonucleaire share interests.

iii. GHT--High-Temperature Reactor Technology Company, Inc.--which is fully a subsidiary of Interatom.

iv. GnV--Nuclear Processes Technology Company, Inc.--owned by Interatom and MAN.

Worldwide Retreat: Existing and Planned Net Energy Production by Nuclear Power in Selected Countries (in MW)



Source: Yearbook of the atomic industry.

Besides the Siemens giants the only other FRG companies engaged in reactor construction are two midgets:

i. The Brown Boveri Reactor, Inc., owned by BBC in Mannheim and BBC Baden in Switzerland. Brown Boveri Reactor has since 1973 been constructing the Muelheim-Kaerlich Nuclear Power Plant which is to begin producing power in August 1986. This is the first and last project. In the future the firm will limit itself to service and consultation.

ii. The High-Temperature Reactor Construction Company (HRB) of which 55 percent is owned by BBC in Mannheim and 45 percent by GA Technologies Europe Development Corporation Company in Zumikon-Zurich. HRB is building the high-temperature 300-MW reactor (THTR 300) in Hamm-Schmehausen in cooperation with



the Nukem Company, Hanau, which in turn belongs to the RWE, the Metals Company, Degussa and the Imperial Smelting Corporation Limited.

After almost 12 years of construction the THTR 300 has since last fall been preparing to go into operation. The price rose from the originally calculated 700 million marks to 3.7 billion. The final accounting has still to be done. The FRG carries 60 percent of that, 12 percent is carried by the State of North Rhine-Westphalia, 9 percent is funded by the Finance Office through the investment credit and the rest is handled by the High-Temperature Nuclear Power Plant Company (HKG) in Hamm. In turn, through HKG the Community Power Plant Electrical Suppliers in Weser, the United Electricity Works in Westphalia, the Elektromark Community Plant in Hattingen, and the Aachen and Bremen municipal power plants are also in on the party. When this billion-mark monster finally gets around to running properly and producing electricity for the companies of the HKG, then it is the hope of BBC that there will be a subsequent contract for a 500-MW high-temperature reactor. And that would be the class of reactor, in terms of power, with which the German-Swiss Elektrokonzern dreams of achieving success in the world market since "many small countries have no need for large nuclear power plants."

But these hopes directed toward a distant future are no competition for the Siemens subsidiary KWU. Nevertheless, the latter can scarcely be overjoyed by its quasi-monopoly. Its plants in Muelheim and Berlin after more than 2 years are still only half utilized. At the beginning of this year the chairman of the board Klaus Barthelt announced that the almost 15,000 personnel in this category would have to be reduced by from 2 to 3 percent annually. The KWU is feasting on a log of contracts involving 11 nuclear power plants with a total of 14,697 MW of power. But two of them--the Kruemmel KKK and the Gundremmingen KRB-B with a total of 2,504 MW--have already been completed. Two additional nuclear power plants may possibly not be built at all:

i. Biblis C (1,228 MW) while on the books as a contract is, however, likely to be dumped since Holger Boerner in Hesse is governing with the conditional cooperation of the Greens.

ii. The Wyhl KWS (1,284 MW) has thus far yielded nothing but anger. It has been rendered unpopular through demonstrations by winegrowers who do not want their vineyards to be clouded by the cooling tower. Also Baden-Wuerttemberg's governor Lothar Spaeth considers the nuclear power plant superfluous.

Thus there remain only a few nuclear power plants in whose construction the KWU can for the present employ its workers. After that it will have to live by constructing coal-fired power plants and turbines. There are no domestic contracts in sight. These will not again be likely until the electric power consumption starts to retreat on its growth path. Barthelt himself considers that 3.3-percent growth annually which conservative prognosticators see to be too little to keep business trotting over the long term.

Also abroad there is not very much going on. This should not be a surprise to the nuclear power industry here, considering its experience. The KWU received a letter of intent from Turkey. Still less imminent is the chance of

doing business with the Egyptians. Barthelt is probably realistic in his judgment of the international market: "The competitors scramble for a couple of contracts like dogs after a couple of bare bones."

[1 Jun 84 pp 106-107, 109-112, 114]

[Text] II. Illusions Melted Down

Atomic power did not come up to its original lofty expectations. On the contrary: the notions of its supporters during the pioneer period today sound outright fictional. The financial consequences of that blind euphoria are still immeasurable.

The adherents of atomic power had big goals. Every year they repeatedly announced the "greatest exporting successes of all time" for the German economy and in every case the prediction turned out to be a flop (WIRTSCHAFTSWOCHE, No 22, 1984). They wanted to make the country independent of the price dictates of the oil sheikhs and of the pipelines pumping natural gas from Siberia into German homes and factories. But the fraction of primary energy which they have succeeded in producing up to the present amounts to a mere 6 percent. They have also promised to make electrical energy cheaper than ever before. The Federal Union of German Industry (BDI) continues to believe in this promise to this very day and at the end of February repeatedly demanded that "in the interest of an internationally competitive power supply for German industry the fraction of cheap electrical power from nuclear power plants should be promptly increased." But contrary to all predictions atomic electric power is becoming more expensive rather than cheaper.

Biblis A, which in its time with 1,145 MW was the largest nuclear power plant in the world and which began delivering power in 1974 only 5 years after the 700-million-mark contract for its construction, is now delivering power for 3 pfennig per kilowatt-hour. This is according to its operators--the Rhineland-Westphalian Electric Plant, Inc (RWE). Nuclear power plants going into operation today have production costs of 16 to 17 pfennig per kilowatt-hour, in other words more than 400 percent more expensive than a decade ago.

Today only high-quality energy from lignite is as cheap as atomic power used to be. The lignite power plants of the RWE subsidiary Rhineland Lignite Works Company in Hambacher Forst near Cologne produce a kilowatt-hour for 2 to 3 pfennig. If the regulations are met requiring partial removal of sulfur, which will allegedly make the rain on German forests less sour, the cost will still only be 5 to 6 pfennig.

The enormous rate of cost increase for atomic electric power has its origin in the limitless growth of the construction costs of reactors. In the sixties every kilowatt of power cost the industry 500 marks. Today the price has risen to from 4,000 to 5,000 marks per kilowatt. There is no shortage of examples of this steady price development:

i. The Kruemmel KKK in 1972 was at the time of the initial contract supposed to cost 1.7 billion marks. At the end of March 1984 it was put in operation for 3.6 billion marks.

ii. The Ohu KKI 1 at 870 MW was consigned to the Bavarian Works Company in December 1977 by the Power Plant Union Company for 1,023 million marks. In the same year right beside it the KKI 2 at 1,270 MW was planned for 2.5 billion marks. If in 1988 it starts producing power on schedule it will according to today's accounting cost 5.4 billion marks.

iii. The Muelheim-Kaerlich 1,223-MW nuclear power plant near Koblenz was contracted for in 1973 for 1.3 billion marks. If it finally goes into commercial operation in 1986 probably a good 6 billion marks will have been invested in it.

In the period of the dawn of the atomic age the power plant builders had no clear idea of the technical problems involved. They approached the task as though it were merely a matter of replacing coal fire with uranium fuel rods. But the problems accumulated and every breakdown and accident was followed by new ones.

Insiders like Klaus Traube (the one-time Atom-Saul who has been converted into an Atom-Paul) explained the low construction costs of the pioneering period as a consequence of the stiff competition which prevailed at that time when several would-be builders were in the market. Says Traube: "Actually, the Nuclear Power Plant A in Biblis has resulted in building costs which were higher by far than its owner and operator had paid at that time. Both the purchaser of the power plant and also its supplier suffered enormous losses." It was only after the market had consolidated and the KWU had emerged as the only contract applicant in the market that it was finally possible to do the accounting in terms of real costs.

In the beginning safety was understood principally to mean operational safety in the sense of a guarantee that a nuclear power plant must deliver current with as little interruption as possible. But soon the construction costs were inflated by growing demand for the safety of the general population. An especially wise head remarked as early as 1962 in the specialty magazine ATOMWIRTSCHAFT--ATOMTECHNIK: "In order for economical nuclear power plants to be achieved it is necessary that safety requirements should be kept as low as possible." And so it is no wonder if up to now feelings have been aroused over questions as to what really makes economic sense and as to what is really requisite from the point of view of safety.

Let people dispute as they will, nevertheless the "century contract" concluded in April 1980 between the Union of German Electricity Works (VDEW), Frankfurt, and the Full Association of German Coal Miners in Essen confronts us with facts. In this contract the supplier entrepreneurs assume the obligation first of all to convert annually 33 million tons of German anthracite into electric current and secondly to increase the quota by 1995 up to 47.5 million tons annually. The contract partners were "in agreement that the increasing energy demand could be met in the future only if both coal and

nuclear energy were used to an increasing extent." And they resolved "to clear up differences of opinion and to avoid public controversies."

But when in the beginning of this year an electrical power cost analysis favoring atomic energy which had been conducted by researchers of the Battelle Institute became known Bernhard Worms, chairman of the CDU State Parliament fraction in Duesseldorf, announced that the century contract had been shaken. But this was certainly not the case at any time since the expert opinion which had emerged from Frankfurt. When the parties to the century contract "in a spirit of friendly cooperation" signed they saw ahead "a growing demand for energy." They looked back to the year 1979 in which as compared with the previous year energy consumption had risen by a total of about 5 percent and electric power consumption had risen an equal amount.

But from 1980 to 1983 the consumption of primary energy dropped by almost 12 percent. This had its primary effect upon the sellers of oil because energy-conserving measures had reduced the demand for heating oil. It is true that the suppliers of electrical power did not suffer any loss of profit but to this day they are also unable to rejoice in any growth rates. The business is stagnating.

But the century contract can be fulfilled only if electric power consumption increases every year by at least 2 to 3 percent. The suppliers of electric power have based their atomic power program upon this assumption. Since the signing of the contract two new nuclear power plants have been put in operation--the Grafenrheinfeld KKG near Schweinfurt in 1981 and the Kruemmel KKK near Hamburg in March 1984. The reactors KRB-B and -C in Gundremmingen are expected to be producing power this fall and next summer; the same is true of Muelheim-Kaerlich near Koblenz in 1986 and in quick succession five other nuclear power blocs.

The annual electric power production of a reactor with 1,200- to 1,300-MW output--the type which is being built today exclusively--replaces about 2.5 million tons of anthracite. At the end of this decade there will be 10 more large nuclear power plants--including Grafenrheinfeld and Kruemmel--in operation than there were in the beginning. That makes 25 million tons of anthracite in the year. That is about one-third of the year's production, for which today it is still necessary for about 100,000 coal conveyors to descend into the mines. In 1995 the century contract runs out and the mine entrepreneurs, according to what they have signed, "have no further demands respecting the quantities of domestic anthracite to be used for producing electric power." So that then at the latest 10,000 mining people will extinguish their miner's lamps and turn to welfare.

No new customers for German anthracite are visible. In the heating market oil and natural gas sellers are contesting for their shrinking shares of the market and not least of all the suppliers of electrical power want to get a return for their overcapacities. Today the electric power industry contributes 8 percent of heating energy consumption; it will more than double this fraction by the year 2000. But at the same time on the other hand whether the prices for electrical heat can be maintained is questionable. The

Hamburg Electricity Works Company (HEW) which will soon be acquiring two-thirds of its electric power from nuclear energy recently demanded of the Senate of the Hansa City approval of an 11-percent rate increase. The company has partial ownership of the Brunsbuettel KKB which since 1977 has had frequent shutdowns. In the first 6 years of its existence it has achieved only 35.4 percent utilization of its work force. The Hamburg Senate conceded to its HEW which with its electric power prices ranges somewhere near the top only a 6.5-percent increase.

The Munich Municipal Works have participated many years ago through the amount of 280 million marks in the construction of the Ohu KKI 2. In the meantime they have been forced to hike up the amount for their 25-percent share to 1.3 billion marks. The people in Munich are today already paying the highest electric power prices in the FRG and they will scarcely be unburdened of any of this when the KKI 2 begins to produce power at the end of the decade. In any case a working group at the Technical University of Munich has uncovered the fact that it will hardly be possible to reduce the electrical power coming out of Ohu in this capital of the State of Bavaria. A possible consequence of this oversupply of electrical energy could be that the thermal power plants in Munich may be operated at a low level in producing their electrical power so that more atomic electrical power can be fed into the network. In consequence, long-distance ducted heat will become more expensive because the electrical power profits of the thermal power plants will diminish. In one other case this situation has already arisen: the Grohnde KWG on the Weser which is near completion will, it is expected, produce a kilowatt-hour of electrical power for 16 pfennig and there is far and wide no demand for this power. In order to compensate for this a thermal power plant projected in Hanover has been canceled.

In the controversy over the most rational energy sources for the future studies on this theme have played their special role. In the last 4 years there have been no fewer than eight studies in which cost advantages for nuclear power have been calculated to be up to 10 pfennig per kilowatt-hour. For the cheaper nuclear power values of 8.2 to 23.2 pfennig were estimated and 17 to 33.1 pfennig for the always expensive anthracite. The unpracticed observer of expert witnesses gets a confusing picture here.

The computations of atomic electrical power and anthracite power prices carried out by the Frankfurt Battelle Institute were carried out under contract to the North Rhine-Westphalian minister of economics Reimut Jochimsen. According to these computations the cost advantage of nuclear power today is 3.5 pfennig per kilowatt-hour and should more than double by 1991. Jochimsen who owes his office in part to the votes of an electorate who live above and below ground on the basis of coal was so alarmed by the result of these computations that up until the beginning of this year he kept the study under lock and key.

More recently he has been pleased to turn to the scientists Dieter Viefhues of the University of Cologne and Juergen Franke of the University of Bremen who have carried out electric power price investigations for the Freiburg Institute of Economics. Viefhues and Franke reckon the cost of anthracite

electric power to be somewhat cheaper. They calculate for new anthracite power plants which go into operation toward the end of the decade and which have been desulfurized according to the present state of technology and legislation, 28 pfennig per kilowatt-hour. This is only 2 pfennig less than calculated by the experts of Battelle. But their economic calculations yeilds for atomic electrical power--likewise referred to 1989/1990--the fat price of 43 pfennig per kilowatt-hour while the Battelle calculators come to only 22 pfennig. Two industrial engineers of the Juelich Nuclear Research Institute, Inc., commented in February: "The serious differences between these figures are a result of essentially higher manufacturing costs, shut-down costs and reconditioning costs in the study conducted by the Economics Institute." The German Coal Miners' Association announced also in February that the "premises and methods selected by Battelle are of doubtful validity. It would appear that the premises adopted for nuclear energy are rather optimistic and on the other hand those chosen for anthracite are on the unfavorable side." The same industrial engineers were of the opinion that development "after conclusion of the expert opinion have yielded results which are clearly more favorable to anthracite." Actually it is true that the Battelle experts have fed their computers with unrealistic data. They assume amongst other things

- i. 6 years' construction time for a 1,200-MW reactor. All experience shows that a realistic figure would be 8 to 11 years;
- ii. an 8-percent interest rate in their calculations--other experts, including Franke and Viefhues, estimate 9 percent; the VDEW comes to a value, including a risk surcharge, which amounts to a good 14 percent;
- iii. labor utilization 74 percent, this means 6,500 hours of full load per year--the German nuclear power plants, which are at the world forefront in utilization of labor, have, however, thus far attained on the average only 67.5 percent.

In the meantime the authors of the Battelle study are themselves obviously not entirely happy with their calculations. They make the hedging statement that the results "are to be used only within substantial uncertainty limits." The experts Franke and Viefhues of the Economics Institute in particular do not believe the calculations of the Battelle researchers for reconditioning, cleanup and shutdown of atomic piles put out of service. Thus, for example, only 2,200 marks per kilogram of heavy metal have entered into their calculations for the cleanup together with a 10-percent rate of increase in the coming years. In fact at the present time even in industrial circles a realistic figure is considered to be 5,000 marks. Franke and Viefhues even come to a value of 10,000 marks.

The reconditioning of burned-out uranium rods was originally something which the chemical industry wanted to take over. They detected here, too, a "billion-dollar business, especially for export." But this presupposed a shortage of natural uranium and correspondingly increasing prices. But the uranium prices remained moderate. Today this atomic fuel is even handled at spot prices like overproduced oil. Thus the heads of the chemical industry

recognized 10 years ago that reconditioning as a part of the fuel cycle and cleanup were actually a task which the state should take over. The state transferred the task to the operators of the nuclear power plants who for their part established the German Company for Reconditioning of Nuclear Fuels, Inc. (DWK), to deal with this problem. The DWK is located in Hanover. The 12 companies set up their new firm with 100 million marks of initial capital and appointed Guenther Scheuten as chairman of the board. Guenther Scheuten had up to then been justiciary of the RWE which possesses the largest share of the DWK, namely 31 percent. Since then Scheuten and his 350 colleagues have been looking for a suitable location for the reconditioning facility. Originally it was to have been erected at Gorleben and to be the largest such facility in the world, processing 1,400 tons of atomic refuse per year. The DWK paid 50 million marks for a building site. In addition, it invested at least a further 200 million marks for planning, publicity, expert consultation and soil studies. And then was informed by the minister president of Lower Saxony Ernst Albrecht in mid-1979 that it would have to find some other building site. He had yielded to pressure from the farmers and local citizens who had not only protested against the project but had also formed processions against it.

In the following years, in each case for two-figure sums of millions, new building sites were located and then rejected--as, for example, in North Hesse and in Rhineland-Pfalz. Today two locations are ready--despite 10,000 protests in each case:

- i. Wackersdorf in the Schwandorf District in the Upper Palatinate. Bavaria's minister president Franz Josef Strauss is backing this.
- ii. And Dragahn in the Luechow-Dannenberg District not far from Gorleben, which is also something that tactician Albrecht considers opportune because around 11,000 jobs will be created on the building site for at least 7 years.

The applications for approval have been submitted. Next year Scheuten's DWK will decide where finally they will build. In Wackersdorf in any case 153 drill holes have already been sunk to a depth of 70 meters in order to test whether the ground will carry the structure. Otherwise the DWK has thus far not done very much. In process of construction is the intermediate storage location for extracted fuel elements. This is near Gorleben and is supposed to be finished in the beginning of 1985 for 80 million marks. The structure is intended to serve for the storage of 1,500 tons of atomic fuel refuse until the reconditioning and final storage operations are functioning. The DWK wants to erect an identical intermediate storage location by 1987 at Ahaus in the Borken District. In the meantime the operators of the nuclear power plants are shifting for themselves. They water their burned-off fuel in so-called attenuation basins until the fuel cycle starts up again--or does not. Because the big plans are becoming progressively smaller, but by the same token more expensive.

Originally it was expected that for 4 billion marks one could construct a reconditioning facility handling 1,400 tons annually. Today the talk is only of two facilities for 350 annual tons each, but of these probably only one

would be necessary. Instead of 4 billion for the big facility today one speaks of 6 billion marks for one small one and a price of 10 to 12 billion marks has even already been named. And if the experts of the DWK calculate the way the manufacturers of the fast breeder at Kalkar calculated then the atomic factory can be even more expensive.

The fast breeder was planned in 1972 for 1 billion marks with the expectation that it would already be delivering current 6 years later. At the start of construction it was expected to cost 2 billion marks and today it is considered probable that it can be finished by 1986 for 7 to 9 billion marks. The last official review of the status of the costs was dated September 1982. At that time the figure was roughly still 6.5 billion marks. About 2 years ago for the reconditioning additional costs were mentioned which would add 0.75 to 1 pfennig per kilowatt-hour to the price of atomic power. Today well-informed experts assume a figure of 2 pfennig. The critics Franke and Viefhues figure a kilowatt-hour of atomic power at 10 pfennig. Even Hans Christoph von Rohr, the economic-political speaker of the CDU in the Hamburg Citizens' Association and member of the Federal Board of the CDU Economic Council, is inclined to believe "in a value above 2 pfennig rather than under 2 pfennig per kilowatt-hour," assuming conditioning prices of 4,000 to 5,000 marks per kilogram of burned fuel, consistently with today's assumptions. But he fears that by 1992--because according to plan the reconditioning facility should go into operation then--"the costs can be still multiplied by some factor." The Hamburg politician who lives in the vicinity of four nuclear power plants expressed the suspicion last September that "the reconditioning promises to be a financial adventure of immeasurable dimensions--especially for the electrical power industry--which will at some time or other have to pay for it all."

In the meantime there is also talk among producers of atomic power that possibly it would be cheaper instead of reconditioning their burned uranium fuel rods if they were simply to bury them in salt mines. With respect to safety that would not make a big difference. Because even after reconditioning there still remains some radiating refuse. On the one hand the DWK experts have calculated that nuclear recycling diminishes the deadly radioactivity of residue materials so much that it attenuates after 1,000 years rather than only after 500,000 to 1 million years as had been assumed. On the other hand other experts maintain that the refuse continues to contain a percentage of plutonium which cannot be extracted and which radiates for from 340,000 to 840,000 years. The American physicist Bernhard C. Cohen comes to the conclusion that both with and without reconditioning the material radiates in final storage for 1 million years.

This dispute may be disregarded because even 1,000 years of administration, surveillance and safety operations for atomic refuse in salt mines or other caverns probably cannot be financed on the basis of the price of electric power. Carsten Salander, member of the board of the DWK, looks at the time dimension realistically: "The reconditioning facility would constitute the most long-term industrial project in the FRG so that most of us will have been pensioned off or will have reached the end of our professional lives by the time it finally is ready for operation." But that the cost problem can



be solved by resorting to final storage without processing is only a hope. Up to now there has been only one final storage, the Asse II Salt Mine at Wolfenbuettel. There between 1967 and 1978 slightly radioactive to moderately radioactive refuse was disposed of experimentally. This refuse had been produced not only in nuclear power plants and nuclear fuel factories, but also in research laboratories and hospitals. In 1988 Asse II is expected to go into operation again. For highly active refuse this final storage location is certainly unsuitable. For this there continue to be provided salt repositories near Gorleben. Since 1977 work has been going on on the plan-proposal. The scientists have still not agreed whether the "geological host formation" is sealed against groundwater and whether there really exists no danger that the loosening atomic refuse might not melt through the rock salt.

According to the schedule of the Interior Ministry at Bonn the operation should start at the end of the nineties. Then the reactor operators will finally have firm figures on the table telling them what it costs to transfer the highly active refuse into final storage burial. Until that time almost 10,000 tons of residue will have piled up in the intermediate storage sites.

As was the case with many other things, in the beginning the cleanup gave the appearance of being something which should cause no one any special concern. The publication ATOMWIRTSCHAFT--ATOMTECHNIK reported as early as 1961 that the problem had been solved. And Carl-Friedrich von Weizsaecker, nuclear physicist and philosopher, in the course of a lecture at the BASF in Ludwigshafen in 1968 asserted that there existed "absolutely no problem" and that the "atomic refuse would be disposed of anywhere and radioactive gases discharged into the air." And: "I have made the assertion in Karlsruhe that all the atomic refuse which will exist in the FRG in the year 2000 will fit into a box having the shape of a cube 20 meters on a side."

At that time Professor Wolf Haefele had the say at the Nuclear Research Center in Karlsruhe. Today he heads the Juelich Nuclear Research Facility. Haefele has also been a strong supporter of the view that the Kalkar fast breeder could be built in 6 years for 1 billion marks.

But the industry is producing quantities of nuclear refuse which doesn't fit into any box. In the autumn of this year a start is to be made with the demolition of the heavy-water reactor in Niederaichbach. It is located adjacent to the Ohu KKI 1 of the Bavarian Works Company which together with its partners on the terrain is just now in process of having the KKI 2 built. The 230-million-mark 100-MW heavy-water reactor was permanently switched off in 1974 after 1.5 years of test operation during which for a period of 18 days it produced 40 percent of its rated power. The freshly irradiated ruin has been covered with concrete at a cost of 32 million marks--technically known in the jargon as "secured enclosure"--and since then has been under surveillance for an annual cost of 1.2 million marks.

For coal power plants demolition costs nothing. The costs are covered by profits from the scrap metal. The demolition of Niederaichbach a few years ago was estimated to cost from 60 to 70 million marks. Today such estimates are doubled and the demolition process is expected to last 4 to 5 years.

There will be 130,000 tons of structural rubbish of which 3,000 tons will be radioactive. The latter is to be bunkered in the Konrad ore shaft near Salzgitter. According to the schedule of the federal minister of the interior this location is to be readied for such use by 1988. This demolition will be a kind of premier performance. Up to now throughout the world 70 reactors have been shut down. But these were only small research facilities for which "secured enclosure" sufficed. If everything goes well in Niederaichbach the cleanup experts, who will have acquired experience in that operation, will have new and additional tasks awaiting them:

i. The Lingen Nuclear Power Plant (256 MW) was shut down in 1977 after 9 years of operation and since then has been administered and kept under surveillance by the Lingen Nuclear Power Plant Company (a company of the United Electrical Works of Westphalia Company).

ii. The Gundremmingen Bloc KRB-A (250 MW) was shut down in 1977 after 11 years' operation beset by breakdowns. After 25 years of attenuation time the admittedly still radioactive ruin is to be razed.

A 1,200-MW reactor collects in its core, the safety tank, in each operating year approximately as much radioactivity as would be liberated by 1,000 Hiroshima-type bombs. Formerly in economic studies 30 to 35 years life expectancy were assumed. Today the experts consider 20 years to be realistic. After 1988 it will be possible to see how long nuclear power plants survive if they are not obvious exceptions like Gundremmingen and Lingen. At that time the Obrigheim KWO will have been in operation for 20 years.

It was only after the middle of the seventies that demolition costs were included in the cost calculations for atomic power and they now appear in the books as from 10 to 15 percent of the construction costs. In real figures they are reckoned at 150 to 350 million marks for a 1,200-MW reactor. The 100-MW demolition of Niederaichbach when compared with what will have to be accomplished in tearing down a large nuclear power plant will have only the status of a premier performance in a provincial theater. An approximate idea of cost may be gained from the American Three-Mile Island reactor at Harrisburg which had an accident 5 years ago. In this case the accident involved a high level of radioactive contamination and hence the especially difficult cleanup will come to more than \$1 billion.

[15 Jun 84 pp 68, 70, 72, 76]

[Text] III. Filling Out 280 Tons of Forms

Sharply risen construction and operating costs are creating doubts as to the future economic feasibility of nuclear power. In these doubts a central position is occupied by the question of safety surcharges. It is these which determine the level of profitability. Here Wolfram Engels in the last part of a series describes the development and present status of reactor safety.

In their contest for nomination to presidential candidacy for the Democrats President Jimmy Carter and Senator Edward Kennedy in 1980 considered the question of nuclear power and, in particular, reactor safety to be a central issue of debate. A malicious bumper sticker was going the rounds at the time which read: "More People Have Died in Senator Kennedy's Car Than Have Died in All the Nuclear Power Plants in the World Combined." This was an allusion to the accident in which Kennedy's secretary had died.

At the present time throughout the world there are about 300 nuclear power plants in operation having a total running time of 3,160 years (as of the end of 1983). Thus far there has not been a single fatal accident from nuclear technological causes in nuclear power plants.

From the very outset the public was highly sensitive to questions of reactor safety. The association between the expressions "atom bomb" and "atomic power plant" awakened the fear that such a power plant could explode and devastate entire areas of the countryside. Actually the danger is otherwise. In normal operation the fuel elements in the reactor core heat water up to 300° to 500° Celsius for the propulsion of current-generating turbines. In the event of a breakdown, when, for example, damage to a turbine blocks the extraction of heat energy, it is possible for the fuel elements to heat excessively. It is true that as the temperature increases the chain reaction diminishes, but within about 1 hour the radioactive decay heat would raise the temperature of the radioactive fuel supply up to its melting point (2,000° Celsius). The glowing mass of liquid uranium--amounting to about 100 tons in a modern 1,200-MW nuclear power plant--would eat through the steel jacket and meters-thick concrete of the safety vessel. The consequence would be radioactive contamination.

Today reactor safety is supposed to be guaranteed by the following measures:

- i. "Basic safety." By this we understand design, choice of materials, manufacturing processes and quality control. Basic safety aims at ensuring that absolutely nothing can go wrong.
- ii. To deal with design breakdowns--that is to say events which despite the above can still not be eliminated--certain safety systems are installed. These are, in particular, the automatic fast shutdown of the reactor (Resa) and the emergency cooling systems.
- iii. The safety systems must be redundant. Thus, for example, there are three or four mutually independent emergency cooling systems present so that design breakdowns can continue to be controlled if one or even two safety systems should fail.

Reactor design is thus based upon the most pessimistic case, the so-called Gau (greatest assumed accident). If the reactor heats up--for example, because of a turbine failure--then first of all the reactor shuts down automatically. Secondly, an emergency cooling system is switched on. These systems in turn are subdivided into independent loops. For example, if a pipe breaks then it is not the entire cooling system which is paralyzed, but only

the particular loop involved. If the entire cooling system fails then a second one is switched on. Since the cooling systems are driven electrically the power supply must also be multiply independent. In normal operation the reactor itself generates electric power. If that fails then there are emergency storage batteries available, and if they, too, fail then it is possible to resort to the electricity of the public power supply. If all safety systems were to fail then it would take several days for the hot nuclear fuel to eat through the concrete walls. Thus this amount of time would remain for repairing the cooling system or resorting to other defense measures.

The road from the beginnings of reactor safety to its present status has been a long one. On 20 December 1951 in the United States men succeeded for the first time in history in generating electrical power from nuclear energy. The Experimental Breeder Reactor 1 (EBR 1) at Idaho Falls had made four 200-W light bulbs shine. The European Atomic Community which commenced its activities on 1 January 1958 set up a committee of experts--the "Euroatom Wise Men"--which quickly came to the conclusion that the probability of accidents during the peaceful use of nuclear energy was very low.

At that time the atomic fire burned only in a few small experimental reactors in the United States, in Canada and in Great Britain. They served primarily military purposes, namely the acquisition of fission material for bombs. Thus there was still no experimentation with nuclear power plants. The first reactors built in the FRG were some research and demonstration reactors:

- i. In 1961 the experimental atomic power plant (VAK) in Kahl, a hot-water reactor (15 MW).
- ii. In 1965 the multiple-purpose research reactor (MZFR) in Karlsruhe, a water pressure reactor (50 MW).
- iii. In 1966 the Juelich atomic research reactor (AVR), a high-temperature reactor (15 MW).
- iv. And the first commercial German demonstration facility the Gundremmingen A Nuclear Power Plant (KRB), a hot-water reactor (250 MW).
- v. In 1968 as a demonstration facility the Obrigheim KWO, a water pressure reactor (328 MW), and also as a demonstration facility the Lingen KWL, a hot-water reactor (256 MW).

In addition, at the end of the sixties there were being planned and under construction

- i. as a test facility the fast breeder KNK II in the Karlsruhe Nuclear Research Center (18 MW), design for the Kalkar fast breeder;
- ii. as a prototype for the Niederaichbach heavy-water reactor (100 MW).

Of these, since then the Gundremmingen A, Lingen and Niederaichbach reactors have been shut down. In Gundremmingen A there had been an accident which

disturbed the German public. Exiting hot steam had caused two deaths--an accident which admittedly had nothing to do with reactor technology. It could have happened just the same in a conventional power plant or even in a dye works.

After this research and testing phase the actual commercial use of nuclear energy began. The first nuclear power plants to be put into operation for electrical power supply were

- i. the Wuergassen KKW hot-water reactors with 640 MW in 1973 and the Brunsbuetel KKB with 770 MW in 1976;
- ii. the Stade KKS water pressure reactors with 630 MW in 1972 and the Biblis A with 1,145 MW in 1974.

Then in the beginning of the seventies doubts arose as to the reliability of the emergency cooling systems which had been used up to that point. In August of 1972 an extensive program of safety research was initiated in the FRG. Two years later the Reactor Safety Commission (RSK) which had been in existence since 1958 was summoned to join the advisory committee of the federal minister of the interior. Since 1974, in addition, the Radiation Protection Commission (SSK) has been giving advice. Its members are called upon regularly every 3 years by the Bonn minister of the interior. While the question of safety had up to that point been dealt with in a purely deterministic way now the problem was approached using the tools of probability theory. The scientist Norman G. Rasmussen worked up the study called "Wash-1400" for the American Atomic Energy Commission (AEC). This was a work of 2,400 pages. Rasmussen comes to the conclusion on the basis of site and breakdown analyses, computations and simulations that an accident involving more than 1,000 fatalities may be expected to occur only once in a billion years of reactor operation. Net result of the study: the probability of an individual's being struck by a meteor is far greater than the probability of his death from a reactor accident.

In August 1979 the Bonn Research Ministry published the "German Risk Study for Nuclear Power Plants." This study was prepared by, amongst others, the Society for Reactor Safety (GRS), the Nuclear Research Center in Karlsruhe, the Institute for Accident Research of the Rhineland TUV [public engineering inspection service], Cologne, and the Society for Radiation and Environmental Research (GSF). Their study was prepared in accordance with the Rasmussen methodology. The researchers came to the conclusion that here in Germany a Gau would be as improbable as it was in the United States according to the Rasmussen report.

The next act in the struggle for reactor safety began with the accident in Harrisburg. The Three-Mile Island 2 (TMI 2) Nuclear Power Plant, a water pressure reactor with 880 MW of output, started up on 30 December 1978. On Wednesday, 28 March 1979, at 0400 hours the accident was triggered "by a breakdown in the secondary system, a failure of the secondary feedwater pumps." The reactor fast shutdown brought the reactor to a halt in 7.2 seconds.

After 45 minutes the reactor began to heat up. A number of failures on the part of personnel together with equipment failures had made the situation worse. Although there was no melting of the reactor core nevertheless--unexpectedly--a gas bubble formed in the reactor dome. An explosion was feared. In the morning of 29 March a disaster alarm was given. Pregnant women and children under 6 years old were evacuated from an area having a radius of 8 km; within a radius of 15 km the inhabitants were warned over radio and television to stay in their houses, to seal doors and windows. In Harrisburg 25 km away and in its environs with 300,000 inhabitants the schools were closed. Within 5 days the reactor dome had been emptied of gas. In the official report of the commission employed by President Jimmy Carter we read: "Over the weekend a great fear developed that there might be a hydrogen explosion within the TMI 2 reactor. The public did not later become conscious of the fact that this was a groundless fear and an unfortunate mistake...." The hydrogen bubble could have exploded only if the oxygen had been liberated in the reactor which would then have formed an explosive gas in combination with the hydrogen. But that was not the case. Although subsequently these fears turned out to be unfounded nevertheless the Harrisburg accident had its consequences. The U.S. Nuclear Regulatory Commission (NRC) ordered the shutdown of five nuclear power plants because they might be damaged by earthquakes and a dozen reactors were shut down for inspection.

Because of the different construction of German reactors a sequence of events like those in Harrisburg--according to the judgment of the German nuclear energy specialist Professor Hans Michaelis--"would be possible only after a number of additional improbable failures of men and machines." Nevertheless, shortly after the accident the Reactor Safety Commission ordered inspections of the facilities KKS in Stade, KWU in Obrigheim, MZFR in Karlsruhe and AVR in Juelich (in other words the older reactors). In addition, the handling of the authorization procedure under atomic law was substantially tightened. To this very day the Harrisburg case has left deep scars in public opinion. Shortly before the occurrence of the accident the catastrophe film "The China Syndrome" had had its premier in New York. It described the course of a Gau in which the nuclear melt eats right through the ground--from the United States toward China. Whereas in Harrisburg the terrified population had besieged the bank tellers, in order to equip themselves with cash for flight and columns of autos blocked the exit streets, the most important information for New Yorkers was the weather report: Is the wind blowing from Harrisburg to New York or the other way around? Panic and fear of the unknown gave opponents of nuclear power a powerful thrust in the United States as in the FRG. In the view of Alvin M. Weinberg, known worldwide as a nuclear pioneer, if the confidence of the public could not be regained then "it would be all over with the atomic age as soon as the operating life of existing nuclear power plants has run its course."

It's like the game of Lotto, but the other way around. In Lotto you know that the prospect of success is negative. Nevertheless, every player hopes that the laws of probability will not apply to him. Or as another example, everyone in driving a car or smoking or in skiing exposes himself consciously to far greater danger than he can incur from nuclear power plants. Nevertheless, the unknown awakens more fear than does a familiar risk.

The opponents of nuclear power have in the FRG become a politically and propagandistically influential power. Their technological intelligence is centered on the already-mentioned Institute for Economics in Freiburg (WIRTSCHAFTSWOCHE, No 23, 1984) and the IFEU Institute for Energy Research and Environmental Research in Heidelberg. They obtain their material for the most part from official publications. According to German law all so-called special occurrences in nuclear power plants must be reported to the state supervisory authorities. The federal minister of the interior as highest supervisory authority keeps a record of these reports and makes an annual report to the Committee of the Interior. The report is regularly printed in the journal ATOM UND STROM. The reports are divided into the following three categories:

A--potential immediate danger with respect to safety engineering,

B--potential but not immediate danger,

C--impaired functional safety but no potential immediate danger.

According to these reports there has never yet been in the FRG a breakdown which could have occasioned anxiety. Thus, for example, in 1981 150 special occurrences were reported, none of them being in Class A. In 1982 there were 142 cases, also none of them in Class A. In 1982 on four occasions power had to be reduced or the reactor shut down. Four times there was "increased release of activity" which in each case was released via the stacks under complete control. In the remaining cases there were defective fuel pumps, valves and cable connections, tears in cylinder heads, overheating, broken crankcases and instances of all sorts of other things that can happen to a diesel engine.

The opponents of nuclear power in the Economics Institute and in the IFEU Institute question both the classification of the special occurrences and also the reliability of the reports. Thus on 12 October 1981 in the Biblis A bloc the transformer used for in-house power supply broke down as a result of an erroneous switching. The primary coolant pumps stopped, the emergency electrical power diesel unit turned on and put the safety pumps in operation. The reactor was automatically turned off. As a result of the brief failure of the cooling system a steam bubble had formed in the upper part of the reactor and this was removed through safety valves in the secondary area. According to the official account the event was evaluated as a Class B occurrence; in the opinion of researchers of the Economics Institute this was a dangerous event which should have been listed in Class A.

There were similar differences of opinion when in the Brunsbuettel KKB in the summer of 1978 a leak occurred in the live steam pipeline. The reactor fast shutdown mechanism (Resa) was manually disabled by the personnel. For over 3 hours radioactive steam hissed in the engine house. Then the reactor shut itself off. The investigation showed that the operating personnel had acted contrary to regulations and that the safety equipment nevertheless had prevented a dangerous failure and that finally the faulty behavior of the crew could be brought to light only after very long delay. In early 1978 in

a case involving the Ohu KKI 1 there was a similar violation of the obligation to make a report. In that instance there had been a pipeline rupture out of which radioactive water had emerged in the form of steam. In the beginning this was not reported to the supervisory authority. Only when the Munich inspector looked at the case more narrowly was the truth brought to light.

There were detailed reports in the press about all three cases--Biblis, Brunsbuettel and Ohu. These cases are adduced by the opponents of nuclear power as proof of the fact that both in the classification of damage cases into Classes A, B and C and also in the reliability of damage reports there is much room for doubt. The public discussion of this contributed to sharpening the safety regulations affecting the construction and operation of nuclear power plants. Thus the issues of safety and the issue of the cost of generating nuclear energy rose steadily to a higher pitch of intensity in the controversy between operators of power plants and opponents of nuclear power.

Even before the first oil crisis in 1973 it was assumed to be an absolutely certain fact that nuclear energy in its basic applications would be cheaper than electric power obtained from oil or coal. The price increase for petroleum--and in consequence for coal and natural gas--seemed to make nuclear energy economically unassailable. Then there was its friendliness to the environment: nuclear power plants eject no pollutants but only warm coolant water. At that time it was conjectured that the uses of electrical energy could be much expanded and that even electrical household heating would in the long run be economically superior to heating by oil or natural gas. The cost increases which have arisen in the construction and operation of nuclear power plants primarily for safety reasons have not only dampened these hopes, they have even raised a doubt as to whether nuclear energy will ultimately be economically desirable at all (WIRTSCHAFTSWOCHE, No 23, 1984). Thus in the case of the HTR in Uentrop-Schmehausen 5 million individual tests were carried out; the licensing documents fill 1,200 folders and contain a total of 280 tons of paper.

Also today the development chances for various lines of reactors are differently evaluated. Ten years ago a mixture of light-water reactors and breeder reactors was considered to be economically optimal. The breeder reactor breeds during operation a multiple of the nuclear fuel which it itself is consuming. Thus a breeder could supply several light-water reactors with fuel. This calculation no longer holds. Today enriched uranium is cheaper than that which breeder reactors are capable of supplying--assuming that they are able to operate profitably.

For this reason the only German line of reactors, a reactor developed by Professor Rudolf Schulten and called a "Kugelhaufen" [ball mound] reactor, is now coming under discussion. In this design one is dealing with a variant of the high-temperature reactor (HTR) which until recently was considered to be uneconomical--because of higher fuel costs. This reactor as compared with light-water reactors has a higher inherent safety. Nor does it result in a core melt if the cooling fails. That has been verified experimentally. A high-temperature reactor was allowed to overheat intentionally and at the



same time the cooling was shut down. The experiment ran as predicted. The excessively expensive multiply redundant safety systems of the light-water reactor are superfluous in the case of the Kugelhaufen reactor because of its inherent safety. Also the much-discussed cases of an enemy bomb attack, sabotage or an airplane plunging onto the reactor building would not make the HTR a danger. At the present time there is already available on the market a high-temperature reactor of 500-MW output which provides the same safety systems as those required for light-water reactors and generates energy just as economically as the latter.

On the other hand controlled nuclear fusion is turning out to be very far off. In technological utopias people have already been heralding the hydrogen age: fusion reactors at low cost split water in any desired quantities into hydrogen and oxygen. Automobiles could be driven using combined hydrogen instead of gasoline. And then instead of carbon dioxide and nitrogen oxides only warm water vapor would be emitted from the exhaust. Whether that time shall ever come is uncertain.

8008

CSO: 3620/358

## FIRE DESTROYS LARGE HYDROELECTRIC INSTALLATIONS

## Damage Heavy

Athens I VRADYNI in Greek 20 Jul 84 p 5

[Text] More than 2.5 billion drachmae was the cost for the damages caused by fire to the three hydroelectric generators of the station under construction in Sfikia, Imathia, while it is estimated that the Greek public will suffer from the delay in completing the project, by losing a sum larger than 4 billion drachmae.

According to yesterday's morning announcement of the minister of Energy and Natural Resources, Mr Kouloumbis, the delay in finishing the project according to the first estimates is 12 to 18 months.

It is believed that the damages of one billion were incurred only in the mechanical equipment. The destruction may prove to be even greater if the examination of samples by civil engineers indicate the the "construction" of the generators have been damaged by the large temperatures that developed during the fire.

As it was made known, the greatest damages were caused by the high temperatures that developed in the area of the units during the fire (they reached 700 degrees Celsius) that melted practically everything.

The complex in Sfikia was started in 1979. The projects in that area cost more than 13 billion and are being constructed by two companies, a Greek one and an Italian one.

The project was insured for 2.9 billion drachmae by the Greek company while the entire mechanical part of the project were insured by foreign insurance companies.

It is worth noting that for the first time in Greece a fire has damaged a hydroelectric plant.

The fire department of Veroia is conducting investigations and interrogations to determine the cause of the fire.

Late last night, during a contact I VRADYNI had with the minister of Energy and Natural Resources, Mr Evangelos Kouloubis, the minister made the following statements:

"The fire has caused many problems for us. When we are relying on an energy potential that is already insufficient and this happens to us, you can understand that things are not good."

As far as the cause of the fire is concerned, it is characteristic that Mr Kouloubis during his contact with I VRADYNI yesterday did not exclude the possibility of sabotage, since he stated: "We do not exclude anything. But we are examining also the possibility that it was caused by damage, a short circuit, that was started at a fuse box and then extended further after burning up some lumber that was nearby".

As far as the damage that the balance of energy will suffer and the results it will have in the regular supply of the country with electricity, Mr Kouloubis told I VRADYNI that: "Now we will have to buy more electricity from abroad, while it is considered possible that we will use oil".

#### Fire Investigated

Athens I KATHIMERINI in Greek 26 Jul 84 p 5

/Text/ It has been known for some time that something is not going well with DEI /Public Power Corporation/ and more generally with our energy policy. We will not claim that things were better three years ago, nor will we deny the errors from the initial planning of this policy, such as the exaggerated dependence on imported sources of energy.

When the second oil crisis broke out, it became evident that many points had to be reviewed and that we had to study and put into motion a long term investment program with a dual target: the sufficiency of electrical energy production in view of the ever increasing needs and the change in the composition of the production so that the greatest percentage of energy will be produced with domestic raw materials. That is what the European countries did and during an exceptionally short period of time managed to lessen considerably their energy reliance from abroad.

The exact opposite happened to us. Evidently, DEI is all but invulnerable, as it should be, to political changes. A bureaucratic organization to a high degree, it accepts important influences from the changes in government with the result that it has suffered a kind of elephantiasis, with a curious and destructive coexistence excessively inflated and made up of very weak members. It presents an army of employees who perform purely bureaucratic functions and it has a characteristic shortage of scientific personnel. The changes that, under the PASOK government, were made within the highest levels of its officials appear to have worsened an already bad and chronic situation and caused excitement and confusion, both in the daily function of the company and in planning its production.

The repercussions of this situation are expressed in three serious areas: a) in the cost of energy that is going up continuously in a way that is inconsistent and causes an increase in almost every product, b) in the production of energy that in recent years is insufficient steadily, and finally, aggravated by the rise in the cost of the dollar, in a real foreign exchange hemorrhage for the importation not only of raw materials for the production of energy, but also for energy.

Under these circumstances, the destruction of the hydroelectric station of Sfikia takes entirely new and almost dramatic dimensions. The damage is not 2 or 2.5 billion, even though this sum during these years of the thin cows is very large, the sum that the government has calculated.

The three units of the Sfikia station were supposed to have been included in the national system of DEI by mid-1985 and add 600 KWH to the energy production yearly, something that would have relieved considerably the deficient balance of energy. Now, the inclusion will be delayed for 2 or 3 years, a fact that coupled with the decreased, for many and different reasons, production of other units or with the danger of the destruction of other installations, can cause a real national disaster.

Independently of the reasons that caused the destruction of Sfikia, let us hope that the investigation being conducted will clear it up fully, and even if we suppose that it was an "accident" not "negligence", the question of public opinion remains: how is it possible for such large projects that are so expensive and so important to our national economy depend to such a large degree on chance. In our opinion, before the results of the investigation are announced, there is an undisputed responsibility of the DEI management and of its officials who were supervising the execution of the project directly and of the construction companies. And public opinion is waiting for the government to shed abundant light on this matter.

And something else is waiting. Since it is certain that we will face an energy shortage, let the government set aside the grandiose plans, that are not even plans, for the deviation of the Akheloos river and some other items and let it set a short term repair program into motion as soon as possible, including the maintenance and efficient operation of the installations that we have already, so that they will produce their maximum potential in a short period of time.

#### DEI Mismanagement Charged

Athens I KATHIMERINI in Greek 26 Jul 84 p 5

/Text/ PASOK is making us entreat all the countries, wherever we can, including France, Italy, Austria, Switzerland, the Soviet Union, not only the ones bordering us, to sell us electricity, while those who are around us must make their network available for its transportation so that life in our country will not come to a stop.

This is what is called an "independent", "self-determining", and "proud" policy.

This refers to three years of action by DEI, where from the self sufficiency we had, we ended up in deficiency, even during the summer when there is a surplus of electricity because of reduced demand.

This is written because of the latest agreement with Yugoslavia, with which we signed a contract for the months of July, August and September.

PASOK suspended the program of DEI as it had been established and followed under the New Democracy, but was compelled to restore it after the unsuccessful experiments that took place in the meantime and is applying it with the wrong timing and methods thereby raising the cost of production. There is danger of going bankrupt, but for the present time, however, there is no production that can meet the needs of the country. In the past we did not have more than a very few imports from Albania and Yugoslavia, mainly in the form of an exchange of electricity. For instance, in 1981 we imported 398 million kilowatt-hours and exported 89 million. A net import of 309 million in a total of 23.7 billion kilowatt hours. In other words, the imports were 1.3% of the consumption. In 1982, the net import almost doubled (722 million kilowatt hours and was 3% of the total) and in 1983 it more than doubled that of 1982 and was six times greater than 1981 (1,883 million kilowatt hours and 7% of the total). And we paid 35 million dollars in 1983, the campaign for "buying Greek" had not started yet.

Thus, the dependence that was restricted to oil is extended to electricity, instead of the self sufficiency we had, and its percentage is serious. We do not know where it will go this year, since we have a deficiency even for the summer. For only the three months, the agreement with Yugoslavia provides for 332 million kilowatt hours.

The price set in the agreement is also of interest: between 3.46 and 3.81 for a kilowatt hour, while the cost in a petroleum unit for DEI is 4.27 drachmae. That is how it was written. In other words, Yugoslavia that is counting on making a profit has a lower cost than DEI.

Our "self-powered" policy went astray, as we already wrote, also in the area of searching for petroleum. Now we are turning to foreign companies, the ones PASOK chased away, to participate in the search, after losing three years and perhaps opportunities that will not arise again. While our big and vital problem, virtually our life, is that we do not have our own petroleum and PASOK managed to deter its discovery. Turkey, that is and always will be our dangerous rival in all fields, including petroleum, is producing enough and has not stopped drilling under contract with companies. Its latest success refers to the discovery of a tremendous deposits of natural gas in Thrace that is equal to a billion tons of oil! Turkey has not stopped signing contracts for searching projects and the number of drillings it has made is large.

At this time, our energy sources are restricted. Lignite and waterfalls cover only 27% to 30% of our needs. Lignite reserves may or may not last for half a century and are destined only for the production of electricity. The nuclear possibility is being transferred from one program to another, there is a problem of position, and for the present consumption we need at least 2 billion dollars a year for oil and coal that we have started to import these last few years.

A measure of comparison for the size of the expense and dependence may be the cost for the total of our imports, without including fuel, that was 6.9 billion dollars in 1983 and the income from all our exports, without including fuel, was about 3.4 billion dollars. In 1983, oil used up 55% of the total value of our exports.

In the entire energy situation, a smaller problem comes up that we are struggling to avoid. It is the free market in petroleum products, according to the situation that is in effect in the EEC that we will have to apply also. We have two government distilleries that have to be competitive in order to stand up to this situation. Will they manage to do it? And we are asking for extensions for this purpose.

And a few words about Prinos.

It appears that the entire situation in the purchase of oil is influencing unfavorably the movement of its production and is struggling for its distribution. Prinos is capable of satisfying up to 8% of the domestic needs in energy, while lignite and waterfalls enable us to cover 35% to 40% as far as domestic sources are concerned, independent of cost. What remains is the 60% to 65% that is our dependence from abroad. And it is a very serious one.

9346

CSO: 3521/319

## PASOK ACCUSED OF INADEQUATE ENERGY PLANNING

Athens I KATHIMERINI in Greek 26 Jul 84 p 9

/Text/ Our country is attempting to establish a commercial breakthrough to Iran aimed at getting oil in exchange for Greek products, by sending a representation of government and private sector people this coming Monday to Teheran, headed by the minister of Energy and Natural Resources, Mr E. Kouloumbis.

As the minister of Energy stated yesterday, this mission is considered important, because the payment, at least by half, for the oil that we will receive from Iran by agreement will be made by the export of Greek products (agricultural, chemical, lumber, textiles, machinery, threads etc.).

The prospects for coming to a satisfactory agreement have been reported to be optimistic, a fact that was the result of the related preliminary discussions.

During the discussions that will take place in Teheran with the Iranian representation, headed by Iranian minister of Oil, Mr Kharazi, it is possible that it will be proposed that Iran make available 1 to 2 million tons of oil in exchange for Greek products bought by Iran. There will also be a discussion of the refining of Iranian oil at the EKO (formerly ESSO) refinery and its sale to Greek or other markets.

Let it be noted that our exports during the past few years to Iran have shown a considerable drop.

9346

CSO: 3521/319

## SOVIET OIL, ELECTRICITY PURCHASE

Athens ETHNOS in Greek 19 Jul 84 p 19

/Article by ETHNOS correspondent in Moscow, Makis Andronopoulos: "Oil and Electricity from the Soviet Union"

/Text/ The preliminary agreements between Greece and the Soviet Union for the purchase of 1.8 tons of oil and 700 KWH of electricity will materialize by the end of 1984.

These purchases will go ahead today with the signing of the protocol between the two countries for speeding the materialization of the long term program of cooperation between the two countries.

The protocol is the result of work done by the intraministerial committee of Greece and the Soviet Union that began Monday in Moscow and was completed yesterday. The principal speakers from the Greek side were the alternate minister of the Economy, Mr Vaitsios, and from the Soviet side, the underminister of Foreign Trade, Mr Mantzulo.

The proper procedures are already being sought for developing the cooperation in the commercial sector in the immediate future, while in the energy sector an agreement was reached for the transit delivery through the bulgarian network of 700 million KWH of soviet electricity.

9346

CSO: 3521/319



## ICELAND PROTESTS DANISH CAPELIN FISHING IN JAN MAYEN ZONE

Reykjavik MORGUNBLADID in Icelandic 2 Aug 84 p 3

[Article: "Danish Fishing Harshly Protested: 'Unrestrained Fishing of Icelandic Capelin Stock,' States Protest Note From Foreign Ministry"]

[Text] Icelandic authorities have delivered a note protesting fishing by Danish ships of the Icelandic capelin stock within the Jan Mayen economic zone. Foreign Minister Geir Hallgrimsson said in an interview with MORGUNBLADID yesterday that the protest note had been delivered to the Danish Foreign Ministry and the European Economic Community that handles fishing affairs for member countries. A new note on the matter had also been given to the Norwegian Foreign Ministry. These measures on behalf of the government were taken in cooperation with the Foreign Relations Committee. Following is the protest note that was sent to the Danes and EEC and the note to the Norwegians.

## Note to Denmark/EEC

It is a great disappointment to Icelandic authorities that Danish fishing vessels have begun to fish from the Icelandic capelin stock as revealed by an Icelandic Coast Guard surveillance flight yesterday.

These actions constitute uncontrolled fishing from a fish stock upon which the Icelandic nation is very dependent but is of no real importance to any other nation with regard to survival.

A unilateral decision of a 105,000 ton quota for EEC demonstrates great unreasonableness and lacks all justifiable arguments. Just such a completely unrealistic and unjust demand more than anything else prevented for several years an agreement between Iceland, Norway and EEC on reasonable utilization and realistic conservation of the Icelandic capelin stock. This view must change.

Especially the EEC/Danish fishing that is being conducted east of the median line between Greenland and Jan Mayen is being very strongly protested, i.e. within the Jan Mayen economic zone where Iceland and Norway enjoy equal exploitation rights, cf. an agreement that took effect 13 June 1980. The median line division is an indisputable international regulation and can only be deviated from under very special circumstances. That is not the case in this instance as on the one hand this deals with an Icelandic interest area and on the other hand the uninhabited coast of Greenland.

It is categorically expected that the aforementioned fishing be stopped and an attempt be made in a realistic way to implement a reasonable agreement between the parties involved.

3 August 1984

Note to Norwegians

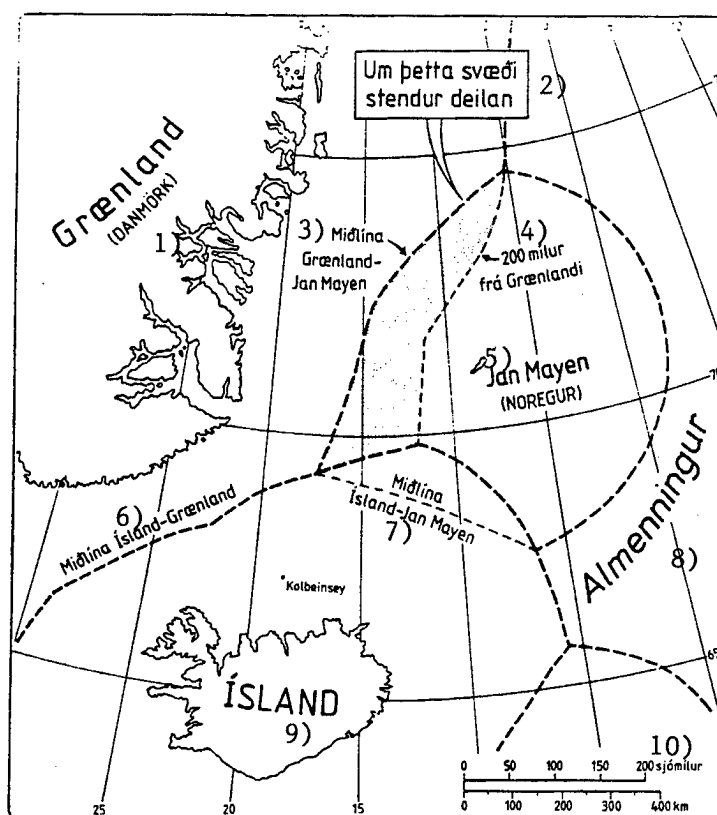
The capelin fishing that EEC/Denmark now have begun in the area between Jan Mayen and Greenland under the cover of a unilateral decision on an EEC quota of 105,000 tons can very seriously endanger the capelin stock.

Icelandic authorities appreciate that Norwegian authorities plan to maintain a "surveillance" in the area and "in addition to air surveillance, a Norwegian fishery protection vessel will also be sent to the area." The Icelanders feel obligated to participate in the surveillance as needed and yesterday they sent a Coast Guard airplane to the area. It was then proven that three Danish vessels were fishing in the area. It is categorically protested that a sufficient jurisdiction is not maintained in the Jan Mayen area on Norway's behalf, that is in the area between the median line and the 200 miles off Greenland, and the joint interests of Norway and Iceland thus protected, cf. the Jan Mayen Agreement from 1980 which states a joint Norwegian-Icelandic exploitation of the area.

Icelandic authorities must hold Norwegian authorities responsible for the fishing of EEC/Denmark in the area, i.e. that their catch be subtracted from the quota allocated to Norway, cf. Article 7 of the Agreement.

Icelandic authorities consider it indisputable that according to international law, the median line is to divide the economic zone between Jan Mayen and Greenland and refer to the fact that the agreement between Iceland and Norway was, among other things, based on that. In view of the fact that Iceland has even more interests at stake than Norway to ensure that the capelin stock will not be destroyed, Icelandic authorities feel obligated to make every effort to have the dispute over the demarcation line solved as soon as possible and that the jurisdiction of this joint interest area be honored.

EEC/Denmark have today been given the enclosed note which the Icelandic authorities trust will meet with full understanding so that further surveillance measures will not be necessary.



- Key:
- 1) Greenland (Denmark)
  - 2) The dispute is about this area
  - 3) Median line Greenland-Jan Mayen
  - 4) 200 Miles off Greenland
  - 5) Jan Mayen (Norway)
  - 6) Median line Iceland-Greenland
  - 7) Median line Iceland-Jan Mayen
  - 8) International waters
  - 9) Iceland
  - 10) Nautical miles

3 August 1984

9583

CSO: 3626/35

- END -